

As part of deal to eliminate Arab-owned electric company's debt

JDEC ready to drop Jewish concession

By BERNARD JOSEPHS and JOEL GREENBERG

The Palestinian-owned Jerusalem District Electricity Company has reached an understanding with the Energy Ministry whereby it is ready to give up its concessions to supply Jewish neighbourhoods and settlements.

Ministry sources said company Chairman Hanna Nasser presented Energy Minister Moshe Shalut with a proposal to this effect as part of an arrangement to wipe out the company's NIS 23 million debt to the Israel Electric Corporation.

The understanding will form the basis for negotiations on the company's future.

Ministry sources said they had rejected company proposals that it maintain its concession in Arab areas "until the resolution of the Palestinian problem," and had agreed only to a 10 year extension.

Senior sources in the JDEC said yesterday they were angry about the "premature" announcement of the understanding. They said that ideas were merely raised at the meeting and that talks would continue.

The sources said they feared that premature publication would cause unrest among Palestinians in the West Bank and among elements in

the company.

A company union representative said last night that the workers were not part of the latest negotiations, and that they opposed any compromise on "even an inch" of the company's concession or on the firing of a single worker.

The JDEC is apparently ready to give up its concessions to supply such neighbourhoods as Ma'ale Adumim, East Talpuri, Gilo, French Hill and Ramat Eshkol, as well as a number of West Bank settlements. These would be taken over by the IEC, probably before the end of next year.

But the company would retain its concessions in Arab neighbourhoods, and Shalut has undertaken to find ways to improve the grid in these areas.

In addition, the ministry is to look into complaints by the JDEC that the IEC has been overcharging it for electricity. This, the company has claimed, is partly the cause of its debts. The JDEC buys more than 90 per cent of its power from the IEC, which has rejected the complaint.

Ministry sources said last night that the understanding was considered a "fair one." They said the value of the concessions to be given up by the JDEC would be set against its debt to the IEC.

The company, which is the biggest single

Arab-owned industry in the territories, would lose 35,000 Jewish customers, "but would be saved from closure," said the sources.

Although the ministry has insisted all along that the dispute over the company's debts was purely commercial, the JDEC has been considered a national symbol in the territories. Yesterday, before the understanding was reached, Shalut discussed the matter with Prime Minister Shamir, Foreign Minister Peres and Defence Minister Rabin.

The company previously claimed that the government wanted to "annex" it. In 1979, when a bid was made to take it over, there were strikes and demonstrations in East Jerusalem.

And earlier this year there were angry scenes outside the company's headquarters when bailiffs, backed by large numbers of heavily armed Border Police, raided the building during the Moslem feast of Id al-Adha.

The raid was described as "utterly provocative" by the late chairman and former Jordanian defence minister Anwar Nusseibeh.

Israeli officials have charged that the company's union is dominated by the PLO, and Jordan has been reluctant to give the JDEC financial support, apparently for this reason.

Denies 'backtracking' charges

Economic plan heralds 'new era,' says Nissim

By AVI TEMKIN

Post Economic Reporter Finance Minister Moshe Nissim predicted yesterday that "a new era in the economy" would result from the proposed economic reforms. He asked the public and the cabinet to agree to "one more year of austerity" to heal the economy.

Nissim presented a detailed version of the plan to the public for the first time yesterday at a press conference in Jerusalem. He described the plan as "courageous," and categorically denied all reports that he had changed it as the result of political pressure or that he had deviated from his original goals.

"We believe that most of a person's money should stay in his hands

after taxes," he said.

Nissim said that contrary to what the Histadrut claimed, lower income groups would not be hurt by the proposed tax reform and the scrapping of exemptions and tax credit points. He added that he would continue to discuss the plan with the Histadrut, but stressed that "no one has veto power" over the plan.

Answering the attack made by Defence Minister Rabin against the proposed cuts in the defence budget, Nissim said the Defence Ministry should understand that economic recovery is essential to the country's security.

The details of the plan were presented yesterday with data on next year's budget to cabinet ministers, and the reform package will be discussed in the cabinet on Sunday.

The Treasury's plan calls for a NIS 490 million slash in the state budget, a reform of the tax system, and reduced government involvement in the capital market. Wages will not rise except for cost-of-living payments, customs will be reduced, and the government will make an effort to sell many government corporations to the private sector.

Employers' contributions to workers' study funds will be taxed at marginal rates. Nissim said workers will be offered the option of increasing their gross wages instead of having a study fund. These sums would be taxable, but would be taken into account in calculating pension rights and payment for overtime.

(Continued on Back Page)

New wave of Jewish terror?

By HERB KEINON and ILM

Members of Kach or of a new Jewish terror underground may have been responsible for booby-trapping a car and a home in Arab East Jerusalem yesterday, police said. The booby traps, made with IDF-issue grenades, were discovered near the Old City's Dung Gate and safely dismantled by police sappers.

Police are also investigating the possibility that Arab terrorists set the booby traps to exacerbate tensions between the city's Jews and Arabs.

A similar technique was used to set both devices.

One grenade had its handle connected by rope to the front door of the home of Hanafi Karami, just off Rehov Ma'aleh Hashalom. Twelve people live in the house. The grenade, its pin removed, had been set to detonate when the front door was opened.

Karami's wife said her son discovered the grenade as he was about to leave for work. "He tried to open the door and felt resistance, so he looked through the window to see what the problem was," she related. "When he saw a rope leading from the door handle to a nearby ledge, he called the police." The grenade was on the ledge, hidden by rocks.

The second grenade, its pin also removed, had its handle linked by rope to a brown Ford Transit, owned by Nassar Hamad, one of Karami's neighbours.

Mousa Agloni, another neighbour, said Hamad's suspicion had been aroused when he saw a large rock near his car. When Hamad examined the rock more carefully, he spotted the grenade, Agloni said.

Agiloni, who is related to the Karamis, said that neither the Karamis nor Hamad had any enemies. He added that one of the windows of his own home had been broken three weeks ago during the disturbances that followed the murder of Eliahu Amedi by Arab terrorists in the Old City.



Soldiers from an Undof unit in the Golan choose a Christmas tree during yesterday's Jewish National Fund distribution at Eshtaal in the Jerusalem Corridor. (Scoop 80)

Iran arms probe zeroes in on the missing money

By WOLF BLITZER

WASHINGTON. — The Senate Intelligence Committee's investigation of the Iran arms scandal yesterday focused on the missing money, possibly as much as \$30 million.

Defence Secretary Caspar Weinberger testified behind closed doors and was reportedly grilled about allegations that Iran had paid "bargain prices" for the TOW anti-tank missiles, spare parts for Hawk anti-aircraft missile systems, and other weapons sold to it since President Reagan authorized the sales on January 17.

The Pentagon, according to Attorney-General Edwin Meese, was reimbursed only \$12.2m. for the weapons, taken from U.S. stockpiles. The Washington Post yesterday reported that this sum was about one-third their current market value.

Iran is said to have transferred between \$25m. and \$35m. to secret Swiss bank accounts this year for the American weapons. The "profits" are said to have gone to the Contra rebels in Nicaragua, though they deny receiving anything approaching that sum.

U.S. investigators suspect that many millions of dollars may have wound up in the pockets of private arms agents and middlemen.

In addition to the shipment of U.S. weapons to Iran this year — via Israel — the Iranians also obtained at least two shipments of weapons directly from Israel last year, the first in August and the second in November. Those deals were made directly between Iranian and Israeli agents. The weapons came from Israeli stockpiles and their price was determined by Israel. U.S. and Israeli (Continued on Page 2, Col. 2)

Histadrut declares war...

By MICHAEL YUDELMAN

Jerusalem Post Reporter The Histadrut declared war against the Treasury's proposed economic programme, which "will make the rich richer and the poor poorer," secretary-general Yisrael Kessar declared yesterday.

After a long and stormy meeting, the Histadrut's executive authorized the Central Committee to take measures against the programme. In a rare wall-to-wall coalition of all the Histadrut's factions, Histadrut leaders from the Labour, Likud, and Hadash and Citizens Rights Movement factions lashed out against the programme.

Kessar told The Jerusalem Post last night that if the programme is implemented, workers will be subsidizing the upper-income groups. Neither the wage earners nor the manufacturers will benefit, Kessar claimed, but the upper middle classes.

Kessar said the programme was full of social distortions. The cost-of-living allowance will be cancelled, workers' real wages will be eroded, work agreements will be violated, exemptions for the low-income groups, the handicapped and children will be lost forever.

"On paper, the figures may not seem significant. But in exchange for promises of compensation, we will lose these rights forever. And all this, to subsidize the rich!" Kessar said.

Kessar stressed that the program (Continued on Page 11)

...while the Likud digs in

By SARAH HONIG

TEL AVIV. — The Likud ministers yesterday rallied around the proposed economic reform plan, and even Herut welfare champion David Levy was very moderate in his criticism.

Levy in fact indicated that he might support the programme "if certain clarifications are made."

The Likud ministers met yesterday for their regular weekly gathering as Labour ministers also convened to discuss the plan.

The Likud ministers did not complete their deliberations and are due to meet again on Saturday night.

Most participants supported the programme. Labour and Social Affairs Minister Moshe Katsav, however, proposed changes regarding National Insurance benefits, and Finance Minister Nissim said he would consider them.

Levy surprised the ministers after his previous outbursts against the plan. He said he "basically supported it" and would like to vote for it. Nevertheless, he warned that "the party must make itself fully aware of the significance of certain components of the programme. Otherwise I might find myself in an unpleasant position on Sunday," when Nissim plans to bring the plan before the cabinet.

The Labour ministers had not expected Nissim to move so quickly on bringing the plan to the cabinet. Nissim, argued Labour ministers, had actually finished discussing the plan with various groups, but had not properly or thoroughly consulted Labour. They were also upset that the programme was released to the press before a full and authoritative version was presented to Labour.

It is too early to talk about accepting or rejecting the plan, it was maintained in Labour, because it is not fully formed and there is no agreement yet within Labour on its various components.

ANALYSIS

PINHAS LANDAU

The tax-reform proposed by the Treasury is the most far-reaching ever suggested in Israel. It draws heavily on the worldwide trend to lower tax rates and create a broader tax base. The Treasury makes no bones about admitting that if Israel doesn't get into line, emigration may be expected to increase and immigration to decrease further.

Two general rules apply to the proposed changes in personal taxation. The lowest income brackets have been protected from any loss of earnings. Most lower-paid workers will obtain a net benefit from the higher tax threshold, despite the cancellation of tax exemptions on almost all welfare payments such as

case of single persons, and NIS 670 for married persons whose spouse does not work.

These thresholds will be lifted to NIS 550 and NIS 880 respectively, according to the reform plan. According to the Treasury, 41 per cent of all wage-earners will thus be exempt from tax altogether.

Why is this reform necessary at all, and why especially now? The budget proposal is quite blunt in presenting the rationale for personal tax reform: "The tax changes are necessary to give an incentive to individuals to earn more... the highest marginal rate is (currently) 60 per cent. This is a high rate, although it only applies to 5 per cent of the working population. A rate system that leaves the larger part of possible extra income in the hands of the government reduces the incentive to work and make profits. When compared to those of the U.S. and other countries which are potential sources of aliya, our marginal tax

Current tax brackets		Proposed tax brackets	
Gross wage	Income tax percentage	Gross wage	Income tax percentage
0-650	20	0-550/800*	0
651-1260	30	551/801-1000	15
1261-1660	35	1001-1500	25
1661-2330	45	1501-2000	35
2331-3180	50	2000+	45
3181+	60		
each credit point = IS 38		no credit points	

* 800—for married men whose wives do not work, or a married woman with three or more children.

children's allowances. Pensioners, too, will be no worse off, in some cases they will be better off. The chairman of the pensioners' association, when informed of the details of the plan yesterday, professed himself "pleasantly surprised."

The highest income brackets will benefit the most. This feature is designed to increase the incentive to work, and to discourage concealment of income. Finance Minister Nissim noted yesterday that the principle that "most of a person's earnings should remain in his hands after tax," underlay the Treasury's insistence on a top marginal tax rate of 45 per cent.

The accompanying table shows that the present six tax brackets will be reduced to four, with the system of credit points abolished entirely. In practice, these points mean that individuals start paying tax after the first NIS 427 of monthly income, in the

rate framework does not encourage immigration and is apparently one of the causes of emigration of citizens who could have made a valuable contribution to the economy and its growth.

How is the reform to be implemented? The tax threshold, or the point at which individuals start being liable for tax on their earnings, will be raised, and the threshold for each tax bracket will similarly rise. The top marginal rate will henceforth be 45 per cent, and this will apply to all income above NIS 2,000 per month.

"The great advantage" of the reform, in the Treasury's words, "will be that the lower marginal tax rate will leave a larger disposable income on additional wages or profit. This marginal rate will lead to growth."

However, the reform is designed to be "revenue-neutral." This means (Continued on Page 11)

'Ansar II' in the Gaza Strip

Palestinian prisoners allege brutality

By JOEL GREENBERG

Jerusalem Post Reporter Palestinian prisoners who were held in a new IDF detention facility in the Gaza Strip charged yesterday that they had been made to stand naked and salute an army officer, kiss each other's buttocks and drink water from their shoes during their imprisonment.

The former prisoners, arrested during the recent disturbances in the territories, also said they had been beaten, deprived of food and denied adequate legal counsel. The prisoners and Palestinian lawyers who visited the detention centre near Sheikh Ajloun spoke at a press conference yesterday at the National Palace Hotel in East Jerusalem. The conference was organized by the

head of the Palestinian Red Crescent Society in the Gaza Strip, Khaidar Abdel Shafi.

An IDF spokesman said yesterday that the army had received no complaints about mistreatment at the detention centre, but that it would investigate such charges if they were submitted to the IDF.

Suhayl Abdel Ata, 21, of the Sajia neighbourhood in Gaza, said he had been arrested with two friends by IDF troops more than a week ago and taken to the detention centre.

He said he and his friends were then forced to strip and salute an IDF officer, and later compelled to kiss each other's buttocks. They were then bound and beaten, he charged.

Abdel Ata said that he and his colleagues were given virtually no food for three days, and when they requested a drink, were forced to sip

water from their shoes.

He charged that he and his friends were beaten repeatedly throughout the three days, and that conditions improved only after a visit by Red Cross representatives.

Lawyers Ibrahim Abu Daka and Khaled al-Kadra said that detainees were tried en masse by Gaza military tribunals and sentenced to prison terms and fines without proper representation by legal counsel.

Abdel Shafi said that the detention camp, dubbed "Ansar II," has held 180 of a total of 250 persons arrested during unrest in the Gaza Strip in the last two weeks. He said that conditions at the camp were inhuman, and that community organizations in Gaza had sent complaints and protest letters to the Gaza military government.

The Association for Civil Rights has appealed to Defence Minister Yitzhak Rabin and Knesset factions

to set up an impartial investigation into the recent disturbances in the territories, specifically demonstrations in which persons were killed by IDF troops.

At the village of Abu Dis east of Jerusalem, security forces drove away angry protesters who stoned soldiers demolishing the home of a man suspected of involvement in the bombing of a No. 18 bus in Jerusalem in December 1983.

Palestinian sources said the troops threw tear-gas canisters to disperse the crowd, which included family members of the accused, Samir Abu Ni'meh, as well as villagers and students of a neighbouring college. The demolished house was declared a closed military area. Palestinian sources said the house belonged to a family who had rented out the premises to the suspect.

Gas-mask drill for ninth-graders

By BERNARD JOSEPHS

Thousands of pupils are to take part in exercises to prepare them to meet the dangers of biological and chemical warfare.

The Education Ministry announced last night that the exercises, including the use of gas masks, will initially be restricted to ninth graders. But ministry and civil defence officials are considering expanding the drills to entire schools.

The drills, which the ministry says are the first of their kind to be held in schools, come in the wake of reports

that Syria has placed chemical and gas warheads on missiles and artillery shells.

The reports, first published in foreign newspapers, have been confirmed by defence officials.

Teachers responsible for security in their schools have been briefed on defence against chemical warfare since the start of the school year.

Last night's announcement, by Education Ministry security chief Mordechai Sheffer, came as schools all over the country prepared for the annual civil defence exercises today.

Sirens will be sounded at 10:30 a.m. and pupils and staff will go into shelters for 30 minutes. One class in each institution will practise escaping from the shelter via the emergency exit.

At three schools, in Kiryat Shmona, Petah Tikva and Beersheba, pupils and teachers will remain in shelters for four hours in an experiment designed to examine the pupils' reactions and activities. A doctor and a psychologist will be attached to each of the three groups during the exercise.

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The Jerusalem Post Hanukkah Toy Fund HANDICRAFTS FAIR — Over 50 artisans selling thousands of utterly unique crafts at bargain prices in a carnival atmosphere. Come one, come all —

Monday, December 22, 5-10 p.m. at the Ramada Renaissance Hotel, Wolfson St., Jerusalem.

The weather at major Swissair destinations

17.12.86

	MIN.	C	F	MAX.	WIND	SEA	SKY
AMSTERDAM	2	36	7	45	Cloudy		
BRUSSELS	3	37	8	43	Clear		
BERN	19	64	20	84	Clear		
CHICAGO	2	36	4	38	Cloudy		
COPENHAGEN	2	36	4	43	Cloudy		
FRANKFURT	1	30	4	43	Cloudy		
GENEVA	2	36	4	46	Cloudy		
HELSINKI	-12	10	-10	18	Sunny		
HONG KONG	18	64	20	85	Cloudy		
KYUSHU	14	57	24	74	Cloudy		
LONDON	11	52	14	57	Sunny		
MONTREAL	-4	25	-4	21	Cloudy		
NEW YORK	3	38	8	47	Cloudy		
OSLO	-2	28	1	20	Cloudy		
PARIS	-1	31	9	48	Cloudy		
SAO PAULO	20	72	28	100	Cloudy		
STOCKHOLM	-3	25	-3	20	Cloudy		
TOKYO	7	45	13	55	Cloudy		
VIENNA	9	48	12	43	Cloudy		
ZURICH	2	36	5	41	Cloudy		

"For the latest weather conditions contact Swissair."

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THE WEATHER

Forecast: Light rain starting this afternoon and evening tonight.

	Yesterday's	Yesterday's	Today's
	High/Low	High/Low	High/Low
Jerusalem	55/43	6-14	13
Golan	43	8-14	12
Nahariya	57	7-10	9
Safed	57	7-10	16
Haifa Port	42	10-19	17
Tiberias	42	8-14	14
Nazareth	43	5-18	17
Afula	47	9-16	15
Shomron	53	11-20	18
Tel Aviv	39	9-20	18
B-G Airport	44	11-21	20
Jericho	60	10-20	18
Geza	52	8-20	18
Bonabcha	23	12-23	22
Elat			

SOCIAL & PERSONAL

The district governor of Rotary, Nathan Kador, will pay an official visit to the Rotary Club of Tel Aviv-Jaffa, meeting at the Tel Aviv Hilton at 1.15 p.m. today.

Reagan to undergo prostate surgery

WASHINGTON (Reuters). - President Reagan will enter hospital next month for prostate surgery, the White House said yesterday.

The President will undergo a procedure called a trans-urethral resection of the prostate at Bethesda Naval Medical Centre because of mild recurring urinary discomfort, the White House said.

Spokesman Larry Speakes said Reagan, at 75 the oldest President in U.S. history, would enter the hospital on January 4 and remain there for three or four days.

Dr. T. Burton Smith, who performed a previous resection on Reagan and was named the Presidential physician two years ago, said that a checkup "revealed no abnormalities or evidence of tumour or any other disease."

Tongan crown prince to see Herzog today

Post Diplomatic Correspondent. The crown prince of Tonga, His Royal Highness Tupoutoua, will tomorrow visit Israel on a three-day private visit to Jerusalem.

Tupoutoua, who is the kingdom of Tonga's foreign and defence minister, will today meet President Herzog, who last month visited Tonga during his tour of Oceania. It is Tupoutoua's third visit to Israel, where he has a number of close friends.

Price rises today

The following price rises, effective today, were announced by the Industry and Trade Ministry yesterday: pasta products, by 6 per cent; biscuits by 8 per cent; ordinary wines by 10 per cent; dry cleaning by 6 per cent; and laundry services by 9 per cent.

No money, no parade

There will not be a military parade to mark Israel's 40th year of independence.

This decision, based on budgetary considerations, was made yesterday by Education Minister Yitzhak Navon, who heads the Ministerial Committee for Symbols and Ceremonies and the interministerial committee for the 40th year celebrations. Navon discussed the matter with Prime Minister Shamir, Vice Premier Peres, Defence Minister Rabin and Finance Minister Nissim. (Itm)

Agency backs equal mortgages for immigrants

Jerusalem Post Reporter. The Board of Governors of the Jewish Agency yesterday recommended that mortgage terms for all immigrants should be equal, and that newcomers should be allowed to receive full housing loans regardless of the size of the flats they purchase.

Last year the government granted preferential mortgage terms to South African immigrants to stimulate immigration from that country. For example, immigrant families of four who are not from South Africa qualify for the maximum loan of \$40,000 only if their flat is less than 85 sq.m. in area. This limitation was lifted for South African immigrants.

HOME AND FOREIGN NEWS

Rabin: Budget cuts forced disclosure of arms secrets

By DVORAH GETZLER
Post Knesset Reporter

Israel's financial troubles had led it to disclose details of secret weapons developments against the advice of field security and other senior officers, Defence Minister Yitzhak Rabin told the Knesset yesterday.

Rabin was replying to four motions for the agenda on the parlous state of Rafael, the Weapons Development Authority, and the Soltam defence industries plant, both of which had been hit by drastic cuts in the defence budget. Rabin indicated that the disclosures had been made to stimulate business for

weapons systems produced by the two developers.

The defence budget cuts, Rabin said, had harmed the country's defence capability.

Even emergency depots had been raided, said Rabin, to reduce the need to place new orders. Weapons research, too, had been severely curtailed.

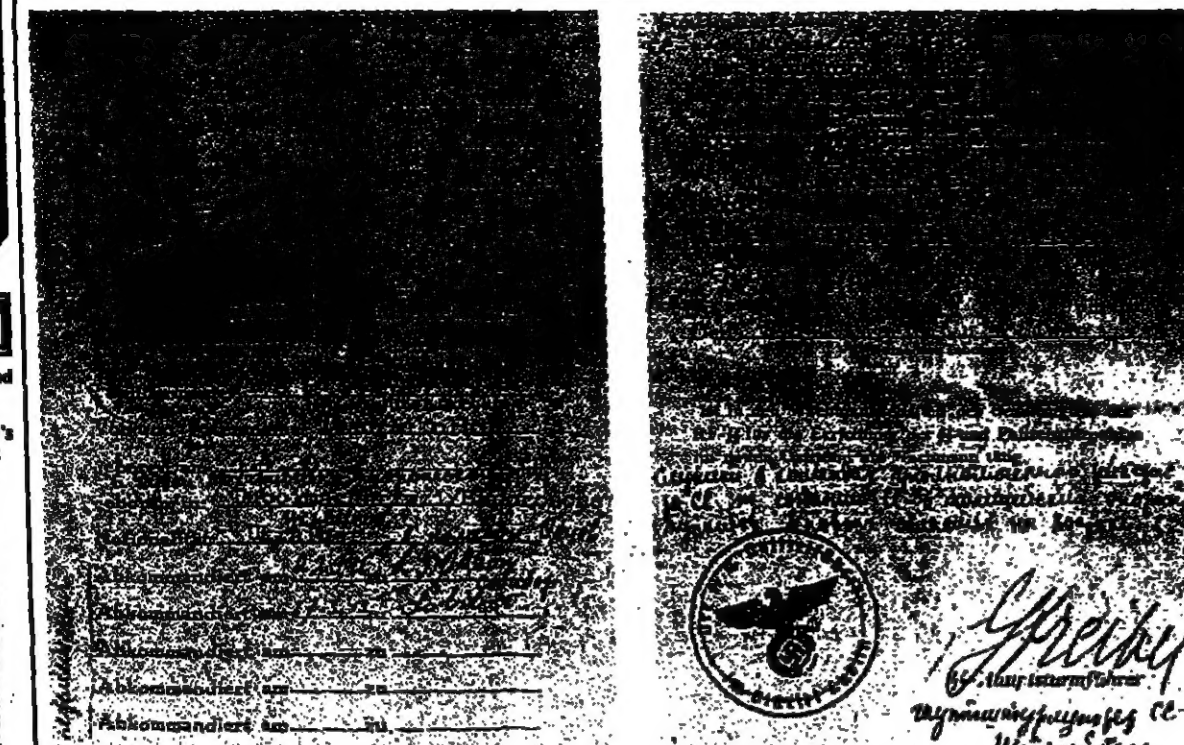
Saying that he did not know how the deficit in Rafael would be covered, Rabin declared that the authority's staff must be cut by 700 people before March 31. If the next budget demanded further cuts in the defence forces, more firings would have to be made across the board.

including in Rafael.

Some of Rafael's latest arms developments had been publicized in an attempt to develop markets and help the authority weather the financial storm. But it would be a year or two before the results of that gamble were known, Rabin said.

A civilian company, Gal-Ram, had been set up to explore the civilian applications of Rafael research, the minister said, but it had not taken off.

The economic difficulties plaguing Rafael and Soltam will be taken up in the Knesset's Foreign Affairs and Defence Committee.



Parts of the original SS document transferred by the Soviet Union to Israel earlier this week, which allegedly proves that John Demjanjuk, now awaiting trial here, is the former Treblinka guard known as "Ivan the terrible."

Land issue overshadows Arens' first meeting with Beduin leaders

By ELAINE RUTH FLETCHER
BEERSHEBA.

Moshe Arens praised the Negev Beduins' contributions to Israel's defence in his first meeting here yesterday with Beduin leaders as the new minister coordinating minority affairs.

While Arens told the leaders he hoped that Beduin would some day fly Air Force planes from the Negev base built on Beduin land, Beduin leaders said the struggle to remain on the land remains the most painful issue for them.

"The problem that hurts everyone is the land," said Sheikh Hasan al-

Sani. He approached the podium where government officials were seated before an audience of over 100 Beduin, to warmly shake Arens' hand. "If I have a pack of cigarettes, I'm ready to volunteer half of the box, not all," he said.

Among a series of requests, the leaders asked Arens to find new solutions for the problem of illegal building, to expand teacher training programmes, and to build a new Beduin high school.

The leaders also told Arens that Beduin don't hold enough key government posts - including positions

in the office Arens now heads.

Arens said he had come more to "listen than to speak," and thus abstained from commenting on admittedly "painful" issues like the land rights controversy until he had studied it in depth.

But Labour Party activist Shlomo al-Badour said he had heard that phrase "to study" from too many government officials in the past.

"Arens will come and he will study the subject and in two years there will be a change and he will leave," said al-Badour. "And where will we be?"

IRAN ARMS

(Continued from Page One)

officials have refused to say how much Israel was paid for those arms.

They have said, however, that Israeli arms agents Ya'acov Nimrodi and Al Schwimmer took sizeable commissions for those first two Israeli deals. But apparently as a result of this, then prime minister Shimon Peres removed Nimrodi and Schwimmer from the operation in December, concerned that they were taking "unseemly" sums. Amir Nir, Peres' adviser on counter-terrorism, was then named as Israel's liaison to the National Security Council.

Senators yesterday pressed Weinberger to explain whether arms were intentionally underpriced at \$12.2m, to avoid mandatory congressional notification of all arms sales worth more than \$14m. The Jerusalem Post last Sunday reported that the \$12m figure may have been reached to skirt around the Arms Export Control Act's \$14m. cut-off figure.

If the arms were underpriced and the Department of Defence was cheated of their full value, U.S. officials said, criminal procedures could be initiated against those involved.

The affair, they added would be further complicated if private individuals had been enriched by such a scheme.

Meanwhile, the White House chief of staff, Donald Regan, has told a closed-door hearing of the Senate Intelligence Committee that President Reagan did not authorize in advance the August 1985 Israeli arms shipment to Iran.

Taking issue with former national security adviser Robert McFarlane, Regan insisted that the president had initially rejected what he described as an Israeli proposal to sell weapons to Iran in the hope of influencing moderates there and of gaining the release of American hostages.

McFarlane has told Congress that the president had orally "condoned" that Israeli shipment. But Regan, testifying under oath on Tuesday, said that Israel had proposed sending weapons from its own stockpiles to Iran in August and suggested that

the U.S. then replace those weapons.

Reagan, according to the White House chief of staff, rejected the idea but learned in September that Israel had provided the arms nevertheless. The president then agreed to replenish the Israeli stock, according to Regan's testimony, which was supposedly based on former NSC staffer Oliver North's written "chronology" of the events involved in the sales. North prepared that summary just before he was fired late last month.

Republican Senator William Cohen of Maine, a member of the Intelligence Committee, pointed to the discrepancy between the accounts of Regan and McFarlane on this key issue - whether Regan's authorization was made before or after the fact. Israeli officials have insisted that they were authorized by Regan to make the sale.

Meanwhile, the White House yesterday said that the president was "certainly" disappointed about the initial rejection by many key senators and representatives of his proposal to grant limited immunity to former National Security Council officials to enable them to testify about the Iran arms Contra-funding affair.

In a related development Secretary of State Shultz has decided to let the U.S. ambassador to Lebanon keep his job despite the envoy's secret contact with the White House over the Iran arms deals, it was learned yesterday.

Shultz had called Ambassador John Kelly home after he learned the envoy had private, "back channel" communications with the president's National Security Council about the secret U.S. arms shipments to Iran.

Kelly's secret contacts with the National Security Council about the covert shipments and U.S. hostages in Lebanon infuriated Shultz, who has testified before Congress that he had limited knowledge about the arms deals.

Lights in Jerusalem

Jerusalem's streets will remain lit throughout the night, following a decision by City Hall to drop the economy measure introduced two years ago which switched the lights off at 1 a.m.

This was announced yesterday by Municipal spokesman Rafi Davara, who said the city had saved \$500,000 from the measure. The lights would stay on, he added, to give Jerusalemites a feeling of safety. (Itm)

Israeli wins Tiberias marathon

By JACK LEON
Post Sports Reporter

TIBERIAS. - Yair Karmi yesterday fought gale-force winds to win the 10th Tiberias Sea of Galilee Marathon and become the first Israeli to capture the top prize in the annual 42-km. race around the Kinneret's southern perimeter.

For the 35-year-old Wingate Institutes sports nutritionist, who finished in 2 hours, 23 minutes and 12 seconds, it was the first victory in 22 marathons over nearly a decade.

Runner-up in 2:24.50 was Kenyan distance runner Samuel Mogere, 28. Israeli Shlomo Pinchas, 23, finished third, clocking 2:30.10 in what was his first marathon in only one-and-a-half years of serious competition.

Sharing the limelight with Karmi in the 22-nation meet was Berlin medical student Kerstin Pressler, 24. Pressler's time of 2:30.33 in what was also her first marathon attempt, broke the women's race record by more than five minutes and gave her 11th place overall among the 450 starters. 200 of whom were from abroad. Pressler received a prize of \$300 from the Israel Athletic Association organizers for her achievement.

Runner-up for her achievement was Israeli Zehava Shmueli (2:49.22) and third Sweden's Meert Bodell (3:08.28).

Accompanied by three Ayalot Club team-mates, blind war-veteran David Yakubovitz, 38, finished in 3:15.20, his fastest time in his three marathons to date. British wheelchair athlete Robert Osborne, 25, who lost a leg serving with the Scots Guards in the Falklands, arrived home in 4:29 in what was his third



Yair Karmi crosses the finish line yesterday to become the first Israeli to win the Tiberias marathon. (Arie Karmi)

race this year over the classic distance. England's David Rosenfield, 72, who completed his 100th marathon with the Tiberias race, received a trophy - and a bottle of champagne - from the IAA to mark the occasion.

Shamir asks Agency to help reroute Iranian Jewish 'dropouts'

By ARYEH RUBINSTEIN
Jerusalem Post Reporter

Prime Minister Shamir yesterday urged the board of governors of the Jewish Agency to do everything in its power to counteract certain forces seeking to direct Jews now leaving Iran to the U.S. instead of Israel.

Shamir told the opening session of the two-day meeting of the board that Israel "would welcome the hundreds of Iranian Jews who are stranded in Europe." He said the view that these Jews ought to go to the U.S. was "incomprehensible."

He used the term *hachala* (drop-out) to refer to this trend, which until now has been applied to Soviet Jews heading for the U.S. instead of Israel once they get to Vienna.

Shamir stressed that the Vienna

dropouts had provided the Soviets with a pretext for shutting the gates against potential Jewish emigrants.

Referring to bleak demographic predictions for Diaspora Jewry, Shamir said that the most effective instrument for fighting assimilation was an intensive Zionist-Jewish education. "I have read one of your reports pointing to the need for 4,000 senior personnel in Jewish education worldwide," Shamir said.

"Israel can cooperate in the selection, training, and preparation of such teachers for Jewish communities abroad," he said.

The 72-member board of gov. ernors were informed of an anticipated budget deficit of \$25-40 million for the current fiscal year. The reason for the shortfall is the decline

in the dollar's purchasing power. The agency's income is in dollars.

On Sunday Interior Minister Yitzhak Peretz (Shas) and Knesset Finance Committee chairman Avraham Shapira (Agudat Yisrael) appeared before the board's finance committee.

They protested against the decision adopted by the Agency assembly at its June meeting to stop allocating funds to non-Zionist institutions, which do not observe Israel's Independence Day.

"We are not Zionists," the two said, "nor do we regard the state as 'the beginning of the redemption' of the Jewish people. But our parties are faithful to the state."

Today the board will hear Elie Wiesel.

'Peretz singles out Brazilian babies'

By DVORAH GETZLER
Post Knesset Reporter

There is apparently some connection between Citizens Rights Movement MK Dedi Zucker talking about the zero at the start of the ID card's number, and the quality of his first parliamentary question, said Interior Minister Yitzhak Peretz in the plenum yesterday.

Zucker had asked why children adopted in Brazil were being registered in Israel with a figure 2 in place of the (almost universal) zero starting the ID card's nine-digit number.

That, said Zucker, marked them for life in a public manner.

He, of course, had no objection to their being listed, with all other adopted children, in a central adoptions register. (Children adopted here have normal ID numbers.) But that register was confidential, whereas the ID card was a matter to which people frequently and publicly had recourse.

Zucker had it all wrong, Peretz insisted. And he would prove that to him in a meeting of the Knesset's Interior Committee, to which the matter was referred.

Zucker later told The Jerusalem Post that he had dozens of documents to prove his point. And The Post has seen one such card.

Danger to Yosef Begun

The case of Prisoner of Zion Yosef Begun was debated in the plenum yesterday by an almost empty House; only 10 MKs were present.

What the debate also exposed was the tension surrounding Israeli attitudes to Nobel Peace Prize laureate Elie Wiesel.

The issue came up when the Alignment's Rabbi Menahem Hachohen suggested that the matter of Begun and Russian Jewry be debated by a joint meeting of the Aliya and Foreign Affairs and Defence Committees to which Wiesel should be invited, with a view to enlisting his aid.

To that, Gula Cohen (Tehiya) took exception. Wiesel, she interjected, was a *yored* (emigrant).

That argument was ridiculous, Hachohen said. Whatever anyone thought of Wiesel's having left Israel, he was a widely respected world figure whose word carried weight.

Uzi Landau (Likud) ascribed what he termed the government's strange shrugging off of the issue to a too eager desire to renew relations with the USSR. "Are we going to crawl to the Russians?" he wanted to know.

That suggestion was acceptable to Shas's Ya'acov Yosef, who did not want his motion referred to committee. But Tehiya's Eliezer Waldman was prepared to accept a committee discussion. Thus the Knesset voted to deal in two different ways with the same issue, a point that had Deputy Speaker Meir Cohen-Avidov more than a little puzzled and irritated.

Disperse Ethiopians

Bringing the Ethiopians here was a great and glorious act, according to Likud MK and Afula Mayor Ovadia Eli. But now we must see to it that they not be so closely concentrated

in any one area - especially poorer and more problematic areas - as to threaten the progress of those areas.

Raising the issue as a motion for the agenda, Eli suggested that keeping the Ethiopian Jews in such large concentrations would also push them to the margins of society.

Their educational and social absorption was going to be costly, and the government would have to financially help municipalities with large numbers of Ethiopian immigrants. Eli insisted.

He scored the "flooding" of certain schools with Ethiopian children. That cast a stigma on the school, he said. The problem was particularly acute in the state religious school network where some classes were between 50 and 70 per cent Ethiopian.

But, said Immigration and Absorption Minister Ya'acov Tsor, when the large Ethiopian immigration began, it was agreed that their initial education be undertaken, for the most part, by the state religious school system.

Later, of course, the Ethiopian Jews would be free to select whatever educational trend they preferred, Tsor said.

Tsor did promise Eli special help for Afula, where 300 Ethiopian families live, when the ministry's desired upper limit for any one area is 200.

The World Wizo Movement
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AVRAHAM SHECHTERMAN

an outstanding citizen of the State of Israel
and great Zionist leader

and extends heartfelt condolences to his wife
The Hon. Judith Shechterman
and to all members of the family.

Raya Jaglom
President, World Wizo

Michael Modai
Chairman, World Wizo Executive

With profound grief, we announce the untimely passing of

Dr. JAY BALOFKY
formerly of Toronto

The funeral will take place today, December 18, leaving the Sanhedria Funeral Parlor at 6:00 p.m. for Har Hamenuhot cemetery, Jerusalem. Shiva: 1/8 Epstein St. (adjacent to 2 Shmaryahu Levin St.) For information: Tel. 02-432874.

The family

Luisa de Zisman, Elias and Adela Zisman and Family,
Moshe and Anabella Attias and Family,
the Bronstein, Rubinstein and Tendler Families

wish to thank all their friends and relatives who supported them
in their sorrow, on the death of their dear

MOSHE ZISMAN

which occurred in Caracas on December 6, 1986.

Who's left to be probed?

WASHINGTON (AP). — The U.S. government's secret arms sale to Iran and diversion of profits to the Contras have sparked numerous investigations in Congress and the Justice Department, as well as a review by a special task force appointed by President Reagan.

The probes include:

□ The Senate Intelligence Committee, which heard from White House chief of staff Donald Regan and Secretary of State George Shultz on Tuesday and from Defense Secretary Caspar Weinberger yesterday as part of a series of closed hearings in their third week.

□ The House Foreign Affairs Committee, which took public as well as private testimony last week.

□ The House Intelligence Committee, which has closed-door hearings.

All the congressional investiga-

tions are expected to be consolidated into one Senate panel and one in the House — when the new Congress meets in January. The Senate committee will be chaired by Sen. Daniel Inouye, an opposition Democrat from Hawaii, and the House panel by Rep. Lee H. Hamilton, also a Democrat.

□ The Justice Department is seeking appointment of an independent counsel to investigate the U.S. sale of weapons to Iran and the diversion of proceeds from those sales. The mandate calls for a determination of whether any federal criminal laws have been violated.

□ In the meantime, the FBI is continuing its own investigation into the entire matter.

□ In addition, the FBI is conducting a preliminary inquiry in Florida into Southern Air Transport Inc., a former CIA-owned company, used both in the U.S. shipments of arms

to Iran and to the Contras in Nicaragua.

□ Also, the Justice Department's office of professional responsibility is investigating the Justice Department's decision in October or November to order the FBI to engage in a delay of that investigation, which lasted for 10 days, due to unspecified national security reasons.

□ Separately, Leon Kellner, the U.S. attorney in Miami, has been conducting an investigation with the FBI since early this year into private arms shipment to the Nicaraguan rebels. The probe involves a shipment of arms to the Contras in March 1985.

□ A special task force established by the president and headed by former senator John Tower is reviewing the workings of the National Security Council.



Christian Lebanese Forces militiamen decorate a Christmas tree on the demarcation line separating east Beirut from the Moslem west. At least 100,000 Lebanese have been killed in 11 years of civil war. (Reuters telephoto)

Camps war goes on

BEIRUT (Reuters). — Iranian attempts to end Lebanon's "camps war" remained deadlocked yesterday as fighting flared again in Beirut and PLO fighters loyal to Yasser Arafat clung defiantly to ground they captured in south Lebanon.

Shi'ite Amal militiamen dug into positions ringing Beirut's Shatila camp, raked its narrow alleys with fire from Soviet-made T-54 tanks, Palestinian sources told Reuters.

Sporadic mortar battles overnight wounded 35 people in Shatila, its sister camp of Bourj al-Barajneh and nearby Shi'ite districts, Palestinian and Amal sources said.

Roads around the battered shanty

towns, including the main highway linking Beirut with its airport to the south, were still closed but air traffic was normal.

Political sources said efforts to convene a Lebanese-Syrian meeting gained momentum after Syrian leader Hafez al-Assad received an envoy from President Amin Jemayel, a Christian, in Damascus Tuesday night.

In Tunis, Arab League foreign ministers, who were unable to agree last week on a position on fighting between Shi'ite militias and PLO fighters, are to resume their meeting December 22. Palestinian sources said yesterday.

De Lorean not guilty

DETROIT (Reuters). — Former car-maker John De Lorean was yesterday found not guilty of all counts in the U.S. government's racketeering and fraud case against him.

On the sixth day of jury deliberations, the 61-year-old former car tycoon exclaimed "praise god," and embraced his defence lawyers when the verdict was read out in U.S. District Court.

De Lorean, who in 1984 was acquitted of cocaine conspiracy charges after a sensational trial in Los Angeles, had been accused of investing at least \$8.5 million from 140 investors in his defunct sports car company, which briefly built gull-winged cars in a factory in Northern Ireland.

Mixing nostalgia with politics

El-Bireh's U.S. landsmanschaft

NEW YORK (AP). — Arab immigrants from the West Bank town of el-Bireh have banded together to keep their traditions and culture from being lost in America's vast ethnic melting pot.

In 14 cities across the U.S. members of the el-Bireh Society meet occasionally to eat, drink and talk about old times while their children sing traditional Arabic songs or dance the dabka.

"Basically it is to keep our own identity in the American culture," Saad Abuasi, the vice president of the New York chapter, said in a recent interview.

All of the nearly 2,500 members of the society come from el-Bireh, a city of 45,000. Society members estimate 5,000 former residents of el-Bireh are living in the U.S.

Members say the society's main purpose is social and cultural. There are other groups, they say, better equipped to push Palestinian or Arab political causes in the U.S.

Abuasi and Musa Ebeid, the president of the New York chapter said most of the immigrants from el-Bireh came to the U.S. looking for a better way of life. But Ebeid added that now "some people will do anything to get out of there because the

Israelis take such a hard line."

Abuasi estimated that about 80 per cent of the former el-Bireh residents in the U.S. came after the 1967 war.

Ebeid said all of the 120 members of the New York chapter are American citizens. But he added that "We are Arabs first."

Ebeid said the main goal of the society is to help the immigrants preserve their traditions, religion and language. He said many members still own homes in el-Bireh and make frequent trips home. It is important, he said, that his children learn the old ways and see the old city.

They live here, on the New York streets, with all the drugs. Over there, it is beautiful, it is a religious culture. There are no drugs like you see on New York streets," he said.

Ebeid said the society's most important activity is a programme to finance the college education of some poor students in el-Bireh. Abuasi said the society eventually wants to educate 18 students a year at Bir Zeit University on the West Bank. He said they pay for 11 students now.

Ebeid said one reason they form a Palestinian society was because of the negative image of Palestinians in the U.S. "Most Palestinians are hard

working. But they are still hated. Maybe not hated; but not liked."

Shalabi, a spokesman for the national secretary-general said the society also was formed because the Israelis deposed the mayor of el-Bireh in 1982.

"It forced the people in America to try to rally around and try to help their neighbours and relatives back in el-Bireh," he said.

On September 28, with the approval of Jordan, Israel appointed new mayors for the West Bank towns of el-Bireh, Hebron and Ramallah. Radical Palestinian groups in the Middle East have threatened to kill the mayors. A similarly appointed mayor of Nablus, Zafar el-Masri was killed in March, soon after he took office.

Shalabi said the society's executive committee sent a message to el-Bireh, urging the mayor and other officials appointed by the Israelis to resign.

The next national convention will be in New York in August, and Ebeid said the local chapter was busy with such tasks as planning and finding a hotel to host the gathering.

"It could be a problem because not all of the hotels will accept a Palestinian organization," he said.

Oil prices weaken as OPEC stalemated

LONDON (Reuters). — Free market petroleum prices weakened yesterday as news from the Opec meeting in Geneva suggested that the oil ministers were finding it harder to strike an accord than had earlier been supposed.

Free market traders in crude oil from Britain's Brent field in the North Sea quoted \$15.85 a barrel yesterday afternoon for February delivery. Brent, a widely-traded oil, was quoted at \$16.30 dollars in the morning.

In Geneva Iran was reported to be calling for the suspension of its Gulf War foe, Iraq, from Opec for refusing to accept an output quota in planned production cuts to push world oil prices up to \$18 a barrel.

The Iranian news agency Irna quoted a high-ranking Iranian delegate as saying Iran had called for

Baghdad's suspension "due to Iraq's refusal to accept Opec decisions."

But delegates said any such decision would have to be unanimous and pointed out that Iraq has key supporters in the Gulf. In any case, it would be too big a blow for the group's prestige to merit serious discussion, they said.

For the fourth consecutive day, ministers met in small, private groups to try to iron out a compromise on output quotas that would satisfy warring Iran and Iraq. Opec has held no formal plenary session since Saturday.

Delegates said Iraq had not budged from its demand for an output quota equal to Iran's currently 2,317 million barrels per day. Iran has always rejected this and wants Baghdad to accept a much lower quota — and much less revenue to wage the war with it.

Berlin ousts two Syrians

BERLIN (AP). — Two Syrians have been expelled from West Berlin after defying an Allied ban that followed a trial linking Syria to terrorism, Allied sources said yesterday.

Tewfik Sermayati and Fouad Zaaboub had been among over two dozen Syrian nationals listed in a Nov. 27 Allied expulsion order that banned "certain Syrian nationals located in the Soviet sector of the city" from West Berlin, the sources said.

The Allies — France, Britain and the U.S. — said they issued the ban to "preserve law and order" in the city after a court verdict on November 26 implicated Syria in the March 29 bombing of the German-Arab Friendship Society in West Berlin which injured nine people.

FOREIGN NEWS IN BRIEF

Army-less Iceland to get secret service

REYKJAVIK (Reuters). — Iceland has no soldiers of its own but may soon get a secret service if the government has its way.

In an age of terrorism and increasing superpower tensions, Iceland's centre-right government wants to increase the country's internal security and analysts say this may lead to the establishment of a counter-intelligence organization.

Opponents argue that such secrecy would be anathema to the tradition of openness on this North Atlantic island nation of 240,000 people.

Voyager skirts typhoon

LOS ANGELES (AP). — Voyager flew into towering rain clouds yesterday near the Philippines, and supporters worried that the pilot was wearing himself out in the unprecedented quest to circle the globe nonstop on one tank of fuel.

On Tuesday the plane winged its way through the spiralling arms of Typhoon Marge, a 12-hour ordeal during which pilot Dick Rutan stayed at the controls.

Voyager, which was travelling at 233kph, was expected to be near Singapore last night. It will then cross the Indian Ocean to Africa, where changes in land temperatures were expected to create new turbulence. The plane is expected to complete its flight on Christmas Eve.

Police clash with striking garbage men

ATHENS (Reuters). — Riot police clashed with striking garbage collectors on the outskirts of Athens yesterday and at least five strikers were injured, witnesses said.

Troops were called in to clear piles of rotting rubbish in Athens Tuesday night and were out again yesterday shovelling it into military trucks.

Union officials said a total of about 22,000 garbage men were on strike throughout Greece for higher wages, a pension scheme and the reinstatement of sacked workers.

Jordan brings back seat belts

AMMAN (Reuters). — Jordan is bringing back a law requiring motorists to wear seat-belts just a year after scrapping it, the Jordan Times said yesterday.

Jordan has a high rate of road accidents, with 524 people killed and more than 9,000 injured last year in 16,708 crashes.

Volcano survivors get 'instant' homes

LIBANO, Colombia (Reuters). — Survivors of Colombia's Nevado del Ruiz volcano tragedy could not believe their eyes. They had new houses that took only 10 days to build and came in a box.

Inspired in part by practices used for centuries by Mayan Indians in Central America, a French Canadian firm has produced a flexible housing construction system that can weather seismic shocks almost without a crack, using a wood frame and the local clay as a basic building material.

The result was an innovative housing concept for disaster areas, like that at the foot of the volcano whose eruption last year left 23,000 dead.

Turkey vs. Britannica over Armenian state

ISTANBUL (Reuters). — The publisher of a Turkish edition of the Encyclopaedia Britannica is being prosecuted because it says that an Armenian state existed in southern Anatolia in the 11th century, a prosecutor said yesterday.

"This is contrary to historical facts," said chief prosecutor Isen-dayar Barionu. "The pages in the second issue containing this information have been seized." He told Reuters that the publisher, Hulya Poturoglu, would be charged with separatism and weakening Turkish national feelings, and if convicted, could be jailed for four and a half years.

Shake-up in Hanoi

Age, economic woes bring down 'old guard'

BANGKOK (Reuters). — Three veterans of Vietnam's ruling communist gerontocracy stepped down yesterday and diplomats say more leadership changes will follow in Hanoi's struggle for economic recovery.

Party chief and President Truong Chinh, 79, Pham Van Dong, 80, and fourth-ranked Le Duc Tho, 76, retired yesterday, the state radio, monitored here, said.

Diplomats here called their retirements the most significant political event for the communist leadership since Ho Chi Minh founded the party 36 years ago. One diplomat in Hanoi told reporters more resignations or dismissals were expected, possibly including Defence Minister Van Tien Dung, 69, and army political commissar Chu Huy Man, 66.

The envoys said real reform of Vietnam's troubled economy was not possible without major leadership changes. "You can't teach old dogs new tricks, and these are very old dogs," said one, who added he had yet to see major policy changes in Hanoi.

Hanoi's politburo had an average age of more than 70 — the oldest in the communist world.

Eleven years after the end of the Vietnam war the party is under unprecedented public pressure to provide more food and goods, stop chronic inflation and guarantee a more prosperous future.

The Kremlin has also pressed Hanoi to fix its economy to make better use of the estimated \$3 million in aid it gives Hanoi daily, according to Western diplomats.

Le Duc Tho, who resigned yesterday from Vietnam's ruling politburo, stepped out from the nation's faceless bureaucracy into the world spotlight in 1973. He negotiated the Paris peace agreement with Henry Kissinger, which led to America's withdrawal from Vietnam. He then refused to accept the Nobel Peace Prize offered in recognition of the pact.

Tho's rejection surprised many in the West, but his stand was characteristic of the Hanoi leadership, which put great store on its independent judgement.

Gorbachev ousts Kunayev — last of the Brezhnevites

MOSCOW (Reuters). — Soviet leader Mikhail Gorbachev further consolidated his power Tuesday as a close aide of the late president Leonid Brezhnev was dismissed as leader of the Communist Party in the central Asian republic of Kazakhstan.

The Kazakhstan central party committee decided at a meeting Tuesday morning to retire Dinmukhammed Kunayev, 74, making none of the usual expressions of gratitude to a long-serving official. Tass news agency reported.

Kunayev is one of the last of Brezhnev's "old guard" still on the 12-man Politburo but analysts say his removal in Kazakhstan also spells his certain dismissal from the national body, probably in the next two weeks.

When he came to power in March 1985, Gorbachev began sacking hundreds of officials connected with Brezhnev, whose rule from 1964 to

1982 he has condemned as a period of stagnation in all spheres of life, and filled the nation's top posts with his own loyalists.

But Kunayev, who has survived past tides of political fortune, hung on at the party congress in February this year when many analysts were predicting he would be the next to go. Commentators said his survival at that point suggested Gorbachev was still not strong enough to remove all key Brezhnev figures from the leadership.

Kazakhstan, the second biggest Soviet republic, has been severely criticized along with the other Asian republics for inefficiency and corruption.

Kunayev has been replaced by Gennady Kolbin, a Russian, who has been prominent in Gorbachev's drive to stamp out corruption, alcoholism and laziness.

Arab chambers of commerce reinstate banned Egypt

AMMAN (Reuters). — Egypt, ostracized by most Arab states since its 1978 peace treaty with Israel, was yesterday readmitted to the Federation of Arab Chambers of Commerce, Industry and Agriculture.

General-secretary Burhan al-Dajani, welcoming an Egyptian delegation invited to attend the closing session of the federation's conference, said it was "like asking Egypt

to take its natural place in the Arab community."

In a closing statement, the conference urged Arab governments to open their country's markets to agricultural produce from the occupied territories.

It also called for talks with foreign countries, especially the European Community, on the marketing of goods from the occupied areas.

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	Midnight — Carillon Concert
Dec. 26	8:00 p.m. Christmas Dinner. Call 227111 for reservations. Adults NIS 18; students and pensioners NIS 12; Children NIS 9.
Dec. 31	Midnight — Carillon Concert

0021-7614

See page 5.

West Germans indifferent to issue of human rights in the Soviet Bloc

By WLADIMIR STRUMINSKI

BONN. — As NATO's front-line country, West Germany faces 60 Soviet divisions across the Elbe River. It is also the only western country with a large group of its ethnic nationals within the borders of the Soviet Union.

Some 2 million ethnic Germans live in the USSR. Also, another 17m. Germans live under Soviet domination in the German Democratic Republic.

As a leading western democracy and as a country with major national interests in the Soviet sphere of influence, West Germany — or at least some sectors of the public — might be expected to be heavily involved in support for human rights activists in the Soviet Union.

Yuri Orlov, a former Soviet prisoner of conscience who was recently released from prison and left the Soviet Union, pointed out that there is a direct link between the denial of human rights in the Soviet Union and the Soviet threat to Western democracies.

In the Soviet Union, no pressure groups can be formed against an aggressive military and foreign policy, the war in Afghanistan, the ongoing occupation of Eastern Europe, or the military buildup that threatens Western Europe.

Orlov noted western politicians started to urge Moscow to adhere to the Helsinki provisions of the Helsinki treaty of 1975 only after the democratic opposition in the Soviet Union was reported in the Western media.

Soviet political emigres and their West German friends seem to agree

that despite its special situation, West Germany is not morally committed to the Soviet democratic opposition and does not support it out of a sense of political or military interest.

"There is no movement in West Germany in support of the human rights struggle in the Soviet Union," complains Cornelia Gerstenmaier, chairperson of the West German Koninzent society in Bonn, which supports human rights activists in Eastern Europe.

There is no comparison between the activities of Jewish organizations in countries like France or Britain, let alone the U.S., and human rights concerns in West Germany, Gerstenmaier stressed. "A rally for Soviet Jewry in New York is usually well organized and brings together thousands of people. The largest demonstration we ever organized had a turnout of 250 people, even though it was held on behalf of a prominent and widely admired personality like Andrei Sakharov," she recalled.

There are only a few human rights organizations in West Germany that deal with Eastern Europe. Koninzent is a leading one, but it is still painfully small. The society and its affiliated political and cultural quarterly, also called Koninzent, employ three people altogether, two of whom work at half salary. The lion's share of its annual budget of roughly \$100,000 goes for office expenses.

Only a small part of the money is available for political action, dissemination of information to opinion leaders and the media, public protests and direct assistance to hu-

man rights activists, mainly in the Soviet Union and Poland. Still, some 40 human rights activists in these two countries as well as a few in Yugoslavia receive regular medical supplies from Koninzent. For a few of them this makes the difference between life and death.

Nearly one-third of its budget supports Koninzent, which has turned into a major forum of thought on East-West relations. Its contributors include Sakharov, Milovan Djilas, Leszek Kolakowski and Amos Oz. Sakharov, Oz and Djilas are also members of its editorial board, as are Norman Podhoretz, Eugene Ionesco and Eduard Kuznetsov.

Predictably, Koninzent is financially strapped. The society has never asked for government support, but its quarterly was refused funds by the Federal Interior Ministry in Bonn.

Industrial firms unwilling to antagonize their East European trading partners, for the most part refuse to support even humanitarian activity on behalf of Soviet prisoners of conscience.

The present West German government, led by Christian Democrats, is more willing to listen to requests by human rights supporters than its Social Democratic predecessor, Gerstenmaier said. Still, even the present government is cautious in its dealings with the Soviet Union and often prefers not to risk a quarrel.

Members of Koninzent often meet people who refuse to join one of their political actions or even to sign a resolution on behalf of the Soviet human rights movement. Some of

them admit openly that they may want to visit an East European country, which they fear would be impossible if they signed an "anti-Soviet" declaration. The most nervous are afraid of being included on a Soviet blacklist of potential detainees in the wake of a Soviet invasion of West Germany.

Fear, however, is not the only reason for passivity. Rather, a basic indifference paralyzes the West German public and political circles when it comes to assisting the struggle for human rights in the communist world. This is true even when it comes to the plight of ethnic Germans in the USSR who are seeking either to emigrate to West Germany or to preserve their German culture.

There is no political or social movement to ease the plight of ethnic Germans in the Soviet Union.

The Germans in the Soviet Union are in a worse position than the Jews when it comes to attracting international attention. They have not produced prominent intellectuals and do not have spokesmen sophisticated in public relations. Also, the Germans are dispersed in the Soviet provinces rather than concentrated in the big cities.

The Bonn government has devoted its main human rights efforts to improving the lot of the population and the dissidents in East Germany. Still, this does not entirely explain the absence of a major political and social effort on behalf of Soviet human rights activists.

"There simply is no feeling that these things concern us too," said Gerstenmaier. And she fears that "this is going to hurt us."



Mayor Teddy Kollek (right) presents Eli Wiesel with a medal in honour of his winning the Nobel Peace Prize. The ceremony, at Jerusalem's Ramada Renaissance Hotel yesterday, was also held to mark the planned construction of a Holocaust memorial synagogue, named after Wiesel's father, in Kiryat Ungvar in the suburb of Ramot. Wiesel's father Shlomo Halevi perished in Buchenwald. Wiesel said that many Jews, after the gentle world discovers and honours them, begin to distance themselves from Judaism. "I hope that I have enough Jewish background to withstand this temptation." Speaking in fluent Hebrew, he added: "The youth in the Diaspora need us, as do the Jews of Russia. I don't judge Jews; all Jews are important in my eyes and we must all help each other." Rabbi Menashe Klein, who survived the Nazi camps with Wiesel and later founded a yeshiva in New York, started building the Kiryat Ungvar complex three years ago. He said that Wiesel over the years had kept up his Talmud studies with him. "He's still one of our own." Kollek told Wiesel that the entire Jewish people rejoiced with him. (Text by Ernie Meyer, photo by Brian Hendler)

Most French Jews outraged by Israeli views on Nakash

By MICHEL ZLOTOWSKI

PARIS. — The majority of French Jews are shocked and outraged by the attitude of some Israeli authorities on the Nakash case, according to lawyer Theodore Klein, chairman of the roof organization of France's Jewish institutions.

Klein told *The Jerusalem Post* that Justice Minister Avraham Shari's objections to extraditing Nakash "totally lacked in seriousness." "Israel's Supreme Court responded favourably to France's extradition request," Klein said. "Nakash would be safer in a French jail than in Israel."

Some of the declarations made by certain ministers cast doubt on France as a state of law, Klein said. "It is my duty to react against such allegations... it is dangerous to give Israel an image of a state that is not a state of law, where a certain form of zealotry prevails."

Nakash had to be judged, Klein said. "Israel should not allow a man who received Israeli citizenship through dubious means enjoy total immunity and go unpunished."

The French authorities were being very "discreet," Klein continued. He said he would prefer them to speak plainly rather than try to avoid "charges of anti-Semitism."

At various Jewish gatherings, concern has been heard that Israel was being presented as a shelter for criminals.

Janine Gdalia, secretary general of the French Sephardi Federation, said: "Israel's vocation is not to become a 'haven for those who have committed crimes elsewhere.' Paris Chief Rabbi Alan Goldmann said that the attitude adopted by Israel's Chief Rabbi and Shari was incomprehensible in France. There was an extradition agreement between Israel and France, he said, and it had to be respected."

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Israel must 'name names' in fight for Soviet Jews

By DVORAH GETZLER

Post Knesset Reporter

Israel would do better to concentrate on "naming names" and waging the struggle to free individual Soviet Jews rather than asking its friends to make blanket statements and requests, according to Mike McGowan, a Socialist member of the European Parliament now here for the parliament's 12th annual dialogue with the Knesset.

McGowan, a blunt Yorkshireman ("and proud of it") spoke to *The Jerusalem Post* after what he described as a "traumatic" session with a group of Russian immigrants whose adult children have been refused permission to emigrate from Russia to Israel.

"What we want to do is produce results, alleviate that suffering — and it's terrible — not just express views," he said.

Russia, said McGowan, is showing serious interest in the European Community and the Socialist bloc in the EC is pushing equally seriously for greater contact with the Soviets.

"We are divided into a number of special interest groups called delegations, such as this current Israel delegation and we would now like to see a Russian delegation set up. Since the Socialists are the largest bloc in the parliament — though we're only a little under half of the UK's representatives — this move will probably succeed. Some of the Socialist bloc went to Russia last December and did manage to raise the issue of Soviet Jewry there."

McGowan says he's first and foremost an internationalist, "and that only makes sense when you're as grounded as I am in your own local heritage, culture, language and problems." But he is nevertheless critical of the Common Market.

"It's a little more than a rich farmers' club," he said firmly. "Two-thirds of the budget is spent on agriculture and a half on propping up farming surpluses, and the proportion is rising constantly. It's outrageous. There are butter and beef mountains, some of which have to be sold at practically give-away prices

to countries such as Russia and Libya while millions of Europeans are out of work. It's the problem of unemployment that the Common Market should be tackling."

He revealed that more than £10 million (\$14m.) of beef and butter are stored in his home town, Leeds. The Common Market, he said, is very vague about the location of the stores, and the national governments are no more forthcoming with the information.

"But I managed to ferret out the facts about Leeds and we had a harvest festival service there not long ago, in protest, with thousands of Leeds' 43,000 unemployed singing hymns like 'All is safely gathered in.' It's a tragedy. The amounts spent on development, and the grants made to Third World countries, are mere chicken feed. The market will destroy itself if it doesn't tackle these issues."

Turning to Israel's problems, he noted that Israel did itself little good in the eyes of many in Britain, and

Europe, by "supporting the most irrational antics of U.S. cowboy interventions such as the bombing of Libya. Those policies of Reagan's are widely seen as a serious threat to world peace, and Israel is isolating itself in many ways by that association. Now it's been made worse by the deal with Khomeini and the aid to the Contras."

He noted that he had asked Premier Yitzhak Shamir two questions this week. "One was, of course, about Israel's nuclear capability. Shamir seemed to indicate that he favoured a nuclear-free neutral zone in the Middle East, which I found heartening and interesting. I think it would be suicidal for you to get involved with nuclear weapons."

"What he should be answering was a question about South Africa, which was a pity, as I would have liked some expression of Israel's views on the policy of apartheid. I would also like to know more about the religious disabilities the Ethiopian Jews seem to be facing; that sounds terrible."

McGowan, who said the Suez crisis got him interested in politics as a boy of 16, was shocked to hear that the Israeli right used British press conformity over the Falklands War as a stick with which to beat the media here.

A one-time journalist who has also held senior positions in British radio and television, he dismissed press treatment of the Falklands fighting as "disgusting jingoism, dictated by press lords and the multi-nationalists who have taken over much of the UK press. The public councils that guide the BBC and Independent Television ensured that their coverage was much much less biased. Altogether, that whole outburst of nationalism was one of the most depressing episodes of my adult life," he said.

By BENNY MORRIS

A possible Libyan-PLO connection in Stockholm has been dismissed by Sweden as the product of an "innocent, technical mistake, which will no doubt be corrected."

Recent Swedish and Norwegian press reports alleged that Eugene Makhlof, the director of the PLO's information office in Stockholm, is driving a Libyan embassy-owned car with diplomatic plates.

Sweden's ambassador to Israel, Sven Hirdman, confirmed this week that Makhlof had no diplomatic status and no right to diplomatic privileges, but said that the affair was the product of an "innocent, technical mistake" by the "Libyan People's Bureau" or embassy in the Swedish capital. He added that "no doubt" the matter would be corrected in the coming days.

The 1981 Mercedes was purchased by the Libyans in 1980 and is still registered as a Libyan embassy car. Hirdman said that the problem arose out of a technical mistake made by the Libyans, who, when selling the car to the PLO office in 1982, failed to register the sale at the Swedish central car registry. "They apparently didn't know that they had to do this," he said.

Belatedly learning that the car had been sold, the car registry asked the embassy to supply details about whom it had been sold to. "But the Libyans were unable to provide these details," said Hirdman, who was yesterday briefed on the incident by Stockholm. The registry then "gave up" and the sale was never registered.

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"Open Studio"

Live broadcast from the Henry Crown Symphony Hall, Jerusalem

The Jerusalem Symphony Orchestra, I.B.A.

Conductor: Gary Bertini

Programme:

Gordon Getty — Two scenes from "Plump Jack"

Based on Shakespeare's "Henry IV"

Israeli Premiere

Tchaikovsky — Symphony No. 5

TODAY, Thursday, December 18, 1986 at 6 p.m.

— ENTRANCE FREE —

TODAY'S ENTERTAINMENT

TELEVISION

EDUCATIONAL:

8.00 Teletext 8.05 Keep Fit 8.15 School Broadcasts 14.00 Teletext 14.05 Keep Fit 14.15 Family Problems (repeat) 15.00 Tau Tau 15.25 Rosh Hashana 16.00 This is it — live magazine 17.00 A New Evening — live magazine

CHILDREN'S PROGRAMMES:

17.20 Macron 1 — science fiction

ARABIC-LANGUAGE PROGRAMMES:

18.20 News roundup

18.30 TV Magazine

18.00 Meeting — current affairs

19.30 News

HEBREW PROGRAMMES: resume at 20.00 with a news roundup

20.00 Mabat Sport

20.45 Programme Trailer

21.00 Mabat News

21.30 The 50th Anniversary — documentary about the Philharmonic Orchestra and Zubin Mehta

22.20 The Dunes Boys, Part 2 of a 4-part Australian drama serial about Jewish refugees from Hitler's Europe, starring Joseph Spano, Bob Hoskins and Mary Anne Spano

23.05 The 1986 Miss Universe Competition

00.05 News

JORDAN TV (unofficial):

17.30 Cartoons 18.00 French Hour 19.30 News in Hebrew 20.00 News in Arabic 20.30 Check It Out 21.40 Falcon Crest 22.00 News in English 22.20 Feature film

MIDDLE EAST TV (From T.A. north):

13.30 Another Life 14.00 700 Club 14.30 Shape-Up 16.00 Afternoon Movie: Last in Alamo 18.30 Heathcliff 17.00 Flying House 17.30 Muppets 18.00 The Jeffersons 18.30 Doc 19.00 News 20.00 Hardcastle & McCormack 21.00 Facts of Life 22.00 Moonlighting 23.00 700 Club

RADIO

Voice of Music

6.02 Morning melodies

7.09 Berlioz: La Carmelita (romance); Ireland: Sully; Schubert: Sonata in A minor for Piano; Fantasia Impromptu in F minor; Puccini: 3 Arias from Turandot; Balakirev: King Lear Overture; Schubert: Piece for Concert, D.345; Boyce: Symphony in B-flat major; Tchaikovsky: Song, Op.33

8.00 Respite: Pines of Rome; Sibelius: Concerto in D minor, Op.47; Serevinsky: Histoire du soldat; Bruch: Concert for two Pianos, Op.88; Elgar: Introduction and Allegro; Copland: Appalachian Spring

12.00 Hindemith: Sonata for Clarinet and Piano; Beethoven: Quartet in F major, Op.59, No.1

13.05 Telemann: Suite in A minor for Flute; Schubert: Sonata in A minor for Cello and Piano; Saint-Saens: La Jeunesse d'Hercule; Ravel: Concerto in G for Piano; Dvorak: American Suite, Op.98b

15.00 Encounters

16.00 Camerata Trio — Mozart: Divertimento in E-flat major, K.282; Poulenc: Trio; Mendelssohn: Concert Piece in B-flat major, Op.113; Beethoven: Trio in F major, Op.11

17.30 English Instrumental Music

18.00 The Jerusalem Symphony Orchestra under Gary Bertini — Getty: "Fat Jack"; Tchaikovsky: Symphony No.5 in E minor, Op.64

19.30 Light Classical Music

20.05 Interlude

20.30 Beethoven: Piano Concerto No.2 in B-flat major, Op.19; Beethoven: Missa Solenne, Op.123

22.30 Jazz

23.00 "Golden Generation" Historical Recordings — Yehudi Menuhin: Two Arias from "Miguel Fleta"; Gluck: Second Scene from Orfeo and Euridice

First Programme

6.05 Programmes for Olm

7.30 Favourite Old Songs

8.30 Composers — with Barry Hendel

9.05 Hebrew songs

10.30 Programme in Easy Hebrew

11.10 School Broadcasts

11.20 Education for all

11.50 Oriental songs

12.00 News in English

12.30 News in French

14.05 Children's programmes

15.30 Speaker's Forum

16.05 News in English

16.30 House Call — with Hilda Michael

16.05 All Shades of the Network — morning magazine

17.30 Sea Journey

17.30 O.K. on TV

18.00 Midway — news commentary, music

18.05 Humour

18.05 Magic Moments

18.05 Songs and Homework

17.10 Economics Magazine

18.05 Hebrew songs

18.45 Today in Sport

19.05 Today — radio newsworld

19.05 Songs and Homework

20.05 Roots — folklore magazine

22.05 Round the World

23.05 Between Ourselves

Second Programme

6.12 Gymnastics

12.00 O.K. on TV

6.53 Green Light — drivers' corner

7.00 This Morning — news magazine

8.05 Making an Issue

9.05 House Call — with Hilda Michael

10.05 All Shades of the Network — morning magazine

11.30 Sea Journey

12.00 O.K. on TV

13.00 Midway — news commentary, music

14.05 Humour

15.05 Magic Moments

16.05 Songs and Homework

17.10 Economics Magazine

18.05 Hebrew songs

18.45 Today in Sport

19.05 Today — radio newsworld

19.05 Songs and Homework

20.05 Roots — folklore magazine

22.05 Round the World

23.05 Between Ourselves

Army

6.05 University on the Air

6.30 Open Your Eyes — songs, information

7.07 707 — with Alex Ansky

8.05 Good Morning Israel

8.05 In the Morning — with Eli Yizraeli

10.05 Coffee Break

11.05 Right Now

12.05 Israeli Times

13.05 Daily Meeting — with Orly Yaniv

15.05 Four in the Afternoon

17.00 Evening Newsworld

18.05 Economics Magazine

18.05 Music

20.05 Army and Defence Magazine (repeat)

21.00 Mabat — TV newsworld

21.30 University on the Air

22.05 Popular song

23.05 Israeli songs

00.05 Night Birds — songs, chat

WHAT'S ON

Notices in this feature are charged at NIS 8.16 per day including VAT. Insertion every day of the month costs NIS 163.30 per line, including VAT, per month.

JERUSALEM

MUSEUMS

ISRAEL MUSEUM. Exhibitions: Keif Hinnom — treasure facing Jerusalem's walls; "A Man and his Land," Moshe Dayan collection; "Kalkedon, 4000 Years of Jewish History (Tradition)"; Ancient Glass Exhibit; "Antiquities in Ancient Art (Rockefeller)"; "Bethlehem Embroidery, dresses and costume parts"; Photography in Nature; "Art in Context, audio-visual programme"; "News in Antiquities"; "Big and Small, relative sizes in life, art and children's world"; "Jewels of Children's Literature"; "Permanent exhibitions of Archaeology, Judaica and Ethnic Art"; "Fresh Palm, trends among young Israeli artists."

VISITING HOURS: Main Museum 10-5. At 11: Guided tour of Museum in English. 11: Guided tour of Archaeological Museum in English. 3: Guided tour of Judaica and Heritage galleries. 4: Depictions of Animals in Byzantine Mosaics from Transjordan and Israel (in English) with Prof. Michael Piccirilli (at Rockefeller Museum).

L.A. ROYAL MUSEUM FOR ISLAMIC ART. Visiting hours: Sun-Thurs, 10-11:30 a.m. Fri. closed. Sat. and Sunday 10-11:30 a.m. Hagai-mach St., Tel. 02-661212. Bus No. 15.

Exhibitions

JERUSALEM MAP HOUSE. Old City, 7 Beit El St., 288338, 42947. Roberts, Turner, etc.

Conducted Tours

HADASSAH. Hourly tours of the Chevali Windows at Knyet Hodessah on the half hour. * Information, reservations: 02-418333, 02-442271.

HEBREW UNIVERSITY 1. Tours in English at 9 and 11 a.m. from Administration Building, Givat Ram Campus. Buses 9, 28, 24 and 16.

2. Mount Scopus tours 11 a.m. from the Bronfman Reception Centre, Sherman Building. Buses 9, 28, 4a, 26 and 23 to the first underground stop. Further details: Tel. 02-582315.

AMIT WOMEN (formerly American Mizrahi Women). Free Morning Tours — 8 Alkalai Street, Jerusalem. Tel. 02-699222.

TEL AVIV

MUSEUMS

TEL AVIV MUSEUM. Exhibitions: Stings (Open 19.12 at 21) Oskar Kokoschka, 1888-1980. Selection of Prints and Albums. * Trends in Geometric Abstract Art. * Edward Munch, prints: Death, Love and Anxiety. * From the Museum Collection of European, American, Israeli Art. Visiting Hours: Sun-Thurs, 10-2, 5-8, Sat, 11-2, 7-10; Fri. closed. Helela Rubinstein Pavilion: Exhibitions: David Hockney, Photocollages (opens 21.12). Visiting Hours: Sun-Thurs, 10-11:30; 5-7, Sat, 11-2. Fri. closed.

Conducted Tours

AMIT WOMEN (formerly American Mizrahi Women). Free Morning Tours — Tel Aviv, Tel. 220187, 23154.

WIZO. To visit our projects call Tel Aviv, 222299; Jerusalem, 226060; Haifa, 398817.

ORT. To visit our technological High Schools call Jerusalem 33341; Tel Aviv 356171, 232321, 240529; Netanya 33744.

PIONEER WOMEN — NA'AMAT. Morning tours. Tel Aviv, 210781; Jerusalem 244876.

HADASSAH VISITORS DEPT. Astor Hotel, Room 01, 105 Hayarkon St., Tel. 03-223141.

HAIFA

MUSEUMS

HAIFA MUSEUM. 26 Shabbat Lev St. Tel. 04-522255. Exhibitions: Modern Art — Ephraim Kishon; Naffati Nachmani, Reuben Atya — colour photographs. Ancient Art — Jewish coins of the Second Temple Period, Egyptian textiles, terracotta figurines. Music & Ethnology: world paper cuts. Open: Sun-Thurs, 10-11:30; Tue, Thurs, & Sat, also 5-8. Ticket also admits to National Maritime, Prehistoric and Japanese Museums.

WHAT'S ON IN HAIFA, dial 04-840840.

CINEMA

JERUSALEM

Belt Agony: Dr. Strangelove 7:30; The Good the Bad and the Ugly 9:15; Apocalypse Now 12 midnight; *Close Encounters of the Third Kind* 7:15, 9:30; *At Close Range* 7:15, 9:30; *Mattheus: Betrayal* 7: Days and Nights in the Forest 7:30 (small hall); Into the Night 8:30; *Leslie's 9:45 (small hall); Unleash the 12 midnight; Eden: Absolute Beginners* 4, 7, 9; *Edison: Alphabet City* 4, 7, 9; *Habara: Avrami* 4:30, 7:15, 9:15; *Jerusalem Theatre: Shosh* (II) at 11: Shosh (II) at 6:30;

What do you want from me?

A PENNY for your thoughts, dear reader!

We proclaim that you have the right to know. That you are intelligent enough to form an opinion for yourself if we give you the facts. But we also say that newsmen have a duty to educate, to mould your opinion. And we know from experience that you don't want to see in print views that offend your values or sense of propriety. Why, a reader of this paper once cancelled his subscription because he was angered by this writer's opinion that the prophets had contributed to the downfall of Jerusalem by their intemperate preachings.

Still, we grope in the dark. It is believed that your judgment is revealed by the number of copies you collectively buy. We feel that your judgment is imperfect, for many a good paper (by our lights) has folded for lack of readership and advertisement. True, practically all the dailies in this country were founded by political parties, or by people prepared to subsidize a daily newspaper in order to promote their ideas.

It is now generally believed that readers shun political publications because they tend to cover up real news. So editors have done their best to open the pages of political papers to "general" news, restricting poli-

THERE AND THEN
Sraja Shapiro

tical comment to the editorial page— which, it is rumoured, nobody but professional politicians reads.

Still, the change did not save the ideological publications. The public sticks to its prejudices and refuses to take note of change. The notion still prevails that a non-political paper must adhere to the truth more closely than political groups can still distort the truth by feeding the "general" publications biased stories.

This is a situation much regretted by Hanna Zemer of *Davar* and Moshe Ishon of *Hatzofeh*, in their contribution to the *Journalists' Yearbook* recently published by the Tel Aviv branch of the *Journalists' Association* and ably edited by Moshe Ben-Shaul of *Ma'ariv*. They extol the journalist's mission of educating the reader on moral and political issues, but, at the same time, are aware of their dependence on party funds to carry on their task.

POLITICAL leaders generally have little understanding of what a newspaper is all about. They tend to treat the press as a mouthpiece for their own utterances. Zemer charges. Indeed, the sight of anxious Knesset

members labouring over the report of their speeches late into the evening is not uncommon in the press rooms of political papers.

The founder of this newspaper was aware of these pitfalls and insisted on running *The Palestine Post* as a self-sufficient enterprise in order to preserve its independence. The political newspapers seem to be trapped in a "catch 22" situation. Some European political newspapers, for example the *Arbeiterbladet* of Oslo, managed to recoup financial losses when the management of the paper was transferred from the party to the journalists.

"Apparently," Zemer observes drily, "in order to succeed, a political newspaper requires not only the right editor but also the right party."

None of this gives us journalists any clue about what the reader really wants. I once encountered, at a convalescent home in Motza, near Jerusalem, a retired civil servant who avidly read all the long articles in a Hebrew daily.

"I am not interested in news," he explained, "because I hear it all on the radio. But I like to read what people write. If I disagree with the writer, I argue along with him as I read."

Did we, news-hunting journalists, ever conceive of our job as an intellectual sport?

MUSIC REVIEWS

The Jerusalem Soloists - Director and soloist: Chaim Taub (violin), with Gilah Yaron, soprano and Yossi Arad, bass. (Dormition Abbey, December 13). Vivaldi: *Concerto Grosso in D minor Op.3 no.11*; J.S. Bach: *Concerto No.2 for Violin and Orchestra in E major Suite No.2 in B minor for Flute and Orchestra*; Cantata No. 1, "Jehovah Gott in Allen Landen."

THE JERUSALEM Soloists, under the leadership of Chaim Taub, are on their way to becoming a formidable ensemble. They play with warmth, joy, and a keen sense of the ennobling values of their music.

The opening work made it clear that these musicians have come to think and even breathe alike as Taub, from his first chair and with a minimum of gestulation, led a finely honed and exciting reading of the Vivaldi. Shadings of dynamics and tempo were achieved with ease and fluidity which brought to mind the ensemble ideal: for many to play as if they are one.

The Bach violin concerto reinforced this impression, as Taub stood in the soloist's position and, with no eye contact with most of the players, led and played an inspired performance. The second movement especially was one of great beauty and serenity. The third movement was, for this listener, just a trifle too fast, resulting in some loss of continuity of the work as a whole, and seeming to leave a few players struggling to keep up the pace.

FOR THE second half of the programme, Taub assumed the role of conductor. This may have been a necessary move, given the possible pitfalls of tempo in the flute suite.

Formidable ensemble

But given the precision and sensitivity displayed by the ensemble in the earlier works, much of the right-handed cueing seemed superfluous. As did much of the left-handed signalling for Bach's stable, terraced dynamics.

Like many others, Taub conducts in reverse, pulling up his beat from the bottom of the stroke rather than landing firmly from above. This cannot be a great aid to his musicians. Nor can his limited range of gestures offer them any more than could verbal and illustrative examples in rehearsal.

Yossi Arad's playing, technically flawless and of high musical calibre, sounded somewhat bloodless, and ill-matched to the warm tone of the ensemble. No doubt he would shine in other surroundings. Not so Gilah Yaron. Her full-bodied tone met the ensemble head-on, and her graceful style lent an expressive dignity which matched the second movement of the violin concerto.

To complete the picture of this fine evening, the trumpet passages in the cantata were beautifully played by Ram Oren. DANIEL ZIFF

The Israel Philharmonic Orchestra, Shalom Romy-Riklis, conducting with Jeffrey Lang. (Herta and Paul Amirson Theatre, December 11). Beethoven: *Symphony No.3 in E-flat major Op.55*; Schumann: *Symphony No.3 in E-flat major Op.97* ("Rhenish").

THIS EVENING marked the debut of Jeffrey Lang, co-principal hornist of the IPO. Lang gave the first IPO

performance of the Mozart Second horn Concerto with simplicity, accuracy and clear musical phrasing. He still needs to develop his interpretative qualities, play with more mellowness and strength and add sonority to his tone. Cooperation and dialogue between the solo and the orchestra was achieved.

Conducting with ease and affability, Shalom Romy-Riklis achieved rapport with the musicians of the orchestra. Most of the time, the playing was smooth and relaxed. The rendering of the Schumann Third Symphony, usually known as the "Rhenish," was appropriate in character and style. The emotional content of this refined romantic music was revealed from its grand, tumultuous opening, through its Ländler-like scherzo, to the spirited finale.

Because programme notes were not available before the concert, Riklis obligingly offered humorous explanatory remarks on the first choices of the repertoire.

The Boscovich Semite Suite was written originally for piano solo in 1945 and later revised by the composer for both symphony orchestra and piano duo. The presentation of this colourful composition, with its special oriental melodic structure, provided the joyful opening of the concert. It was most warmly received by the capacity audience. ESTHER REUTER

PIANO RECITAL BY ORAZIO MAIONE (IPO Guest House, Tel Aviv, December 11). Schumann: *Kreisleriana* Fantasia, Op.16; Chopin: *Scherzo No.2* Op.31; *Barcarolle*, Op.60.

Liszt: *Pantale, quasi Sottano: D'Après une lecture de Dante*

AFTER AN inauspicious beginning, the recital gradually changed in character and with its last item finally achieved high level. Schumann's *Kreisleriana* showed neither meaningful sound nor meaningful musical expression. The overall approach was superficial, mechanical and clearly impersonal.

The first change came with Chopin's *Scherzo*. Maione's tone expanded in volume and expression and some sections displayed strength, even eminence. Still lacking, however, was the rhythmic flexibility to lift the piece off the ground with confidence. In the *Barcarola*, Maione unfortunately regressed, giving us again what we so disliked in Schumann. But then came the *Dante* sonata and final change.

Perhaps it was Liszt's strong emotional appeal which triggered Maione's remarkable interpretation. His playing was now completely uninhibited, and his unerring technical brilliance, serving his musical commitment to a degree we could not have predicted at the beginning of the evening. The performance excitedly alternated between refined lyricism and tense drama, doing full justice to Liszt's meditative and philosophical reflections. The loosely combined material was most convincingly arranged into a coherent and logically developing whole which nevertheless retained its fantasy-like character. BENJAMIN BAR-AN

The old Kennedy magic

NEGEV NOTEBOOK

Bradley Burston

SOMETHING happens when a Kennedy walks into a room. The room may be a tent, the Kennedy jet-lagged, lonely and disoriented, but whatever it is that these people from Hyannis Port seem to have, washes over a crowd like a sudden, silent, drastic change of weather. It is a magic too complex and efficient to be dismissed as the commonplace charisma of the powerful or the studied sheen of the rich. To see a Kennedy is to imagine oneself peering through a window facing Camelot. To be near a Kennedy is to discover an antidote to every cynical adult's treasured, innermost, thoroughly childlike starvation for royalty.



Edward Kennedy

lic officials and a central government whose most energetic response to its concerns is indifference, the Beersheba crowd seemed almost surprised at its ability to respond with warmth and enthusiasm to a man who is, after all, a professional politician. Small wonder. Expecting a hack, they got a Kennedy.

THE KENNEDY they got is no longer the boyish bookend of what seemed to be a family of impossible,

immutable youth. The Kennedy they got is something of an elder statesman now, the survivor in a generation hunted and haunted by that most banal and dangerous of little men, the American lunatic. He has lost, to assassination, the two brothers not already lost to war. He has watched his ex-wife's life paralysed by alcohol and his son's leg taken by cancer. And it shows.

It shows in the hard lines in the doughy crimson cheeks, in the sadness and the distance in his eyes. By rights the magic should have drained away long ago. By any logical expectation, the greatest talent of the Kennedys, the ability to convince others that dreams are not only worthwhile but also workable, should be barely a memory.

But it was a Kennedy who walked into that tent in Beersheba last Tuesday night. Ted Kennedy. And the Massachusetts senator who had just been flown into a badly-lit moon-scape began to look remarkably at home. Speaking to a sheikh and the family of a *refusenik*, sidestepping a camel and an oil lantern, a hefty Boston Irishman brought a Negev crowd to the rapt, ravenous attention of the first day of Catholic school.

For a moment, for an hour, the battered, cynical, seen-it-all-and-then-some faculty of the Negev's university was taken out of its debilitating present-day Promised Land of reserve duty and television taxes. In that moment, they were touched by the land of promise envisioned by Ben-Gurion, a land and a promise that now seem more nostalgic than possible. As remote as unreachable, as unreal, and, perhaps, as humanly necessary as Camelot.

Simple way to avert famine

Liora Moriel

THIRTEEN YEARS AGO, in a joint project of the Hebrew University and the Ben-Gurion University of the Negev, Prof. Michael Even-Ari began planting olive, pistachio and almond trees in Wadi Mashash between Beersheba and Yeroham, in an attempt to farm using run-off water.

Today, the farm has groves and orchards that seem more like a miracle than a scientific experiment.

"We wanted to gauge the applicability of the farm to other arid lands, so an area with a topography similar to parts of Africa was chosen," explained Michelle Adato, who with Johanna Miller recently put together an information booklet on the farm to help raise funds for the project.

"Run-off farms may be an inexpensive, relatively simple method of averting famine and malnutrition in Africa," explained James (Alon) Aronson of BGU, who directs the project. "If the technology, capital and knowledge exist to exploit ground water, then of course farming can be made more productive."

However, irrigation schemes often fail because of poor compatibility with the local people - they may, for example, be unable to maintain the system once the foreign experts leave. Also, irrigation schemes are so far removed from their traditional activities that they mistrust them.

However, according to Aronson, "water-harvesting systems represent an appropriate technology for rural development in the less-developed countries. We're talking about the arid and semi-arid regions of Africa where grazing livestock was the traditional means of support, supplemented by simple agriculture."

"These techniques provide a way of increasing productivity in areas with scarce and unpredictable rainfall, by concentrating surface run-off water and floodwaters in small, carefully selected catchment basins."

These catchments are essentially basins excavated in the soil which collect the rainwater running down



Michael Even-Ari

hills and into streams. Such waters cascading from higher altitudes into the desert on their way to the sea, provide an amazing sight.

"FIREWOOD and fodder are commodities we feel can be produced by means of water-harvesting systems on a sustainable basis, without need of foreign expertise or capital," said Aronson. Some maintenance is necessary if floods wash away the sides of the catchments, but the advantages are that "it's a self-maintaining, passive system" that

people grazing herds can use for seasonal benefits without abandoning their pastoral activities."

On a tour of the farm in Wadi Mashash, Adato and Miller showed off the orchards, groves and fields which, but for the sandy surroundings, could well have been the natural product of conscientious farming in lush landscapes. The effect called to mind the miracle Ben-Gurion envisaged attracting millions to the Negev.

In between the trees grains will be planted in various experimental combinations. The technique is known as intercropping and provides both food and firewood. The idea in all cases is to meet a wide range of needs.

After the rains, it was fascinating to see the catchments filled to the brim with water. Apparently, some of the walls collapsed from the torrent and will need to be rebuilt.

Wading around the 25 square-kilometre farm in rainboots to ford a stream that had swelled to a river, the workers smiled at our sneakers. The first project abroad using the experience gained at Mashash and Avdat, where a similar experiment was carried out, is now underway in Turkana, a district in Kenya, where, said Aronson, "We have water-harvesting projects of various descriptions, though a serious lack of basic research has hampered our success."

"We feel certain that water-harvesting projects will be more commonly used in other arid regions of Africa in the near future. If we can demonstrate successfully how to integrate agro-forestry and appropriate animal husbandry in the context of these systems in Turkana, the same principles can be applied to new projects elsewhere in Africa."

It takes only three years for an average village to set up a run-off farm that can sustain its needs, said Aronson. "This could be an important contribution as emergency food aid can never provide a long-term solution to hunger in Africa."

Aid for victims

Ernie Meyer

and for this purpose has founded Amcha, literally "your people."

WHAT IS THE point of starting trying to help people more than 40 years after the Holocaust?

Past problems have a way of becoming more serious with age, says Klafier, "and even if people have functioned well so far, they may need help now. It is not our purpose to make every survivor a happy person, but we're here to extend a helping hand to the 15 to 20 per cent who need it."

Klafier, himself 67, was born in Utrecht and in 1944, together with his brother, escaped from the Westerbork concentration camp in Holland on the day before the last transport left there for Auschwitz. After the war he became a successful plastics manufacturer and, since his aliyah

in 1965 has worked as a marketing consultant. His mother, now 90, survived Theresienstadt, but his father did not return from Auschwitz.

While Elah's \$100,000 annual budget is fully provided for, Amcha only has \$50,000 in seed money and has a preliminary budget for 1987 of \$167,000. It expects to reach between 100 and 200 survivors in its first two years, providing 1,500-2,500 hours of therapy.

THE DIRECTOR of Elah, psychotherapist Rabel Fisch-Agsteribbe, 46, who was born at the beginning of the war in Belgium, where her parents survived in hiding, explained to *The Jerusalem Post* how her organization works.

"We have 15 free-lance social workers and therapists, whom we pay by the hour, although many volunteer part of their work. Clients

have sessions two to four times a month. About 25 per cent of them are children of survivors."

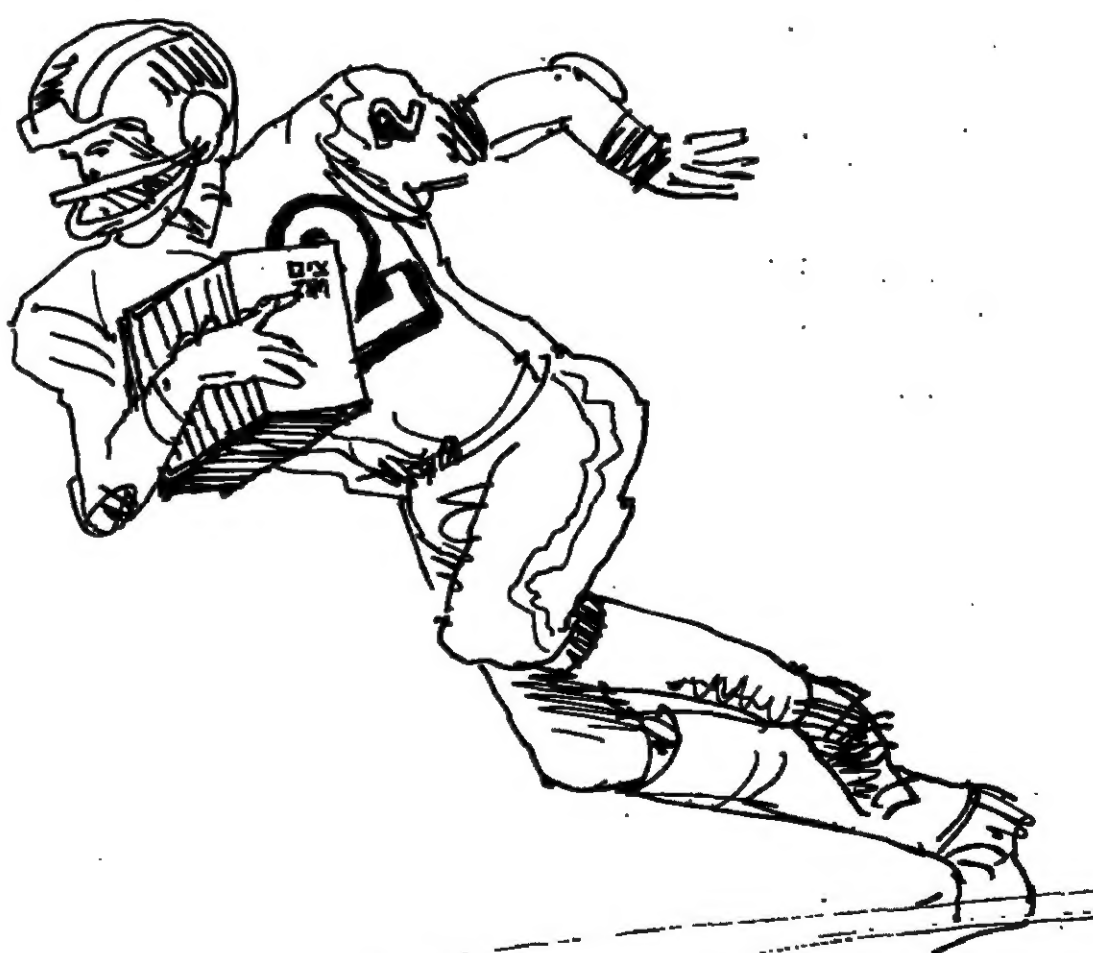
One client she said, is a young woman of 27, whose father survived the Bergen Belsen camp as a child, and whose mother is also a survivor. The parents were over-protective and did not allow their daughter to join a youth movement or go on school outings. Now an art student, she feels that she cannot leave her parents. She dreams about camps and transport trains and takes her parents' trauma on herself. The family's other three children do not require treatment.

"We give her insight into her family's circumstances," said Fisch. "After half a year of therapy she is more active and her anxiety is less."

In a general observation Fisch added that while over the past 40 years people came on aliyah and struggled to make a living, "now they have time to feel lost and to suffer. When they are widowed, the trauma becomes even more severe."

Asked what Elah or Amcha can do that a good friend can't do, she replied, "We are professionals, we have the tools."

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PROVIDENT funds offered by the banks have always been a pretty "sure thing" for people who wanted to invest money in a non-speculative way.

Until the present, more than 90 per cent of the money put in these funds was invested in government bonds. Nearly all the funds were, thus, giving more or less the same yields to the small investor, and there seemed to be little "cut-throat" competition between the banks themselves.

But it looks like this is all going to change come next year.

"The government has come up with new regulations forcing all the provident funds to calculate and publicize their earnings in a uniform manner," explains David Yehoshua, head of Bank Discount's Provident Fund.

"In addition, the percentage of money from these funds that has to be invested in government bonds will be lowered. While today nearly all the money from these funds are in bonds, according to the new government reform programme, this percentage will drop to about 78 per cent."

Most of the provident funds have, until now, made their calculations and reports in different ways—sometimes on a monthly basis, sometimes on a quarterly one, according to Yehoshua. Bank Discount, he says, was unique in initiating a daily update of investments.

"Because of these different systems," Yehoshua notes, "it was really difficult for the layman to try and figure out the performance of a specific provident fund in comparison to another one. Now that there will be some sort of uniformity, it will be easy for the public to scrutinize and check the funds carefully."

Meir Goren, head of the Information and Consultation Centre of Bank Hapoalim in Tel Aviv, explains that the new provisions in the law will enable the funds to invest eight per cent of their funds in local industry.

We asked Goren and Ya'acov

Fund-raising for the future

Yitzhak Oked hears about potential developments in the area of provident funds.

Merla, head of marketing and advertising of Tel Aviv United Mizrahi Bank (UMB), whether this would not tempt the managers of these funds to invest this eight per cent in plants connected with their banks (Histadrut enterprises for Bank Hapoalim, and Kibbutz Hadati and Hapoel Hamizrahi kibbutz industries for United Mizrahi).

Both answered with a resounding "no," claiming that according to the law, their board of directors and the investment committees must always look for ways to invest funds which are in the best interest of their customers.

Merla went even further by stating that if his bank's officers found that it would be more profitable to invest in an industry belonging to a Hashomer Hazair Kibbutz instead of a religious one, then they would invest in it.

"The line would be drawn, though, at kibbutzim that would be producing things that would be offensive to religious people who are the majority of savers in UMB."

Avraham Fein, manager of the provident funds at Barclays Discount Bank, told *The Post* that new regulations will create more demands on the investment committees concerned with the funds. He says he believes that nearly all of the provident funds are being run by professional investment committees who know all the "financial ropes." With all the changes in store, there will be more of a war of wits between the different committees.

UMB is already warming up, Merla says, adding that its investment committee recently got a shot of "new blood" with the addition of a few high-level "captains-of-industry" and some leading university professors.

"I'm confident that with these additions, we will be able to make the right decisions [regarding our provident funds]," he said.

Asked about recent reports that investments in the different provident funds plummeted during 1986 (by about 95 per cent during the first half of the year), Discount's Yehoshua says he is confident that this is not a continuing trend.

"I have a feeling that, actually, we will soon see greater participation by the public in the different funds."

He bases this on the fact that the public is nervous when it comes to saving "for a rainy day" and that it "is beginning to realize that whatever happens in this country, the government will never do anything to harm the different provident and pension funds."

"Also, despite the reports, I can tell you that from personal experience, I know that many people prefer to keep their saving schemes in the pension funds intact a long time after they are able, according to the law (15 years after the scheme has been opened), to pull their money out."

Yehoshua says he was puzzled by the fact that many pension-aged customers used several provident fund schemes—they have to keep funds in

them for a minimum of five years—usually renewing them for an additional five.

"After asking around in a confidential way, I learned that the senior citizens did this so that their money would be 'frozen' and so that they could honestly say that their money is 'tied down' and that they are not able to pull any of it out!"

Yehoshua reports that Bank Discount has initiated many new things in the field of provident funds, and says he feels confident it will do so in the future.

"This includes many new features that will improve service to clients during this electronic age, like receiving 'on-line' information at home via personal computers."

Barclay's Fein believes that 1987 will see greater competition between the banks who will be seeking to attract customers with better service and performance. He is confident that Barclay's funds will continue to draw investors since in the past, it has had a good "track record."

Meir Goren points out that Bank Hapoalim has always kept its hand on the "public pulse." The best example, he says, is the opening of its Information and Consultation Centre at Dizengoff Centre, which he heads.

While in all Bank Hapoalim branches in the country there are people who are available to explain bank services—provident funds and other savings plans included—to customers, his centre is a sort of "back-up" system.

"If our people in the field cannot give an answer," says Goren, "then they propose that the customer come to us."

Goren adds that after the customer comes to the centre, his problems are actually not completely over because the law forbids the banks from giving advice on income tax problems which are, in one way or another, usually connected to the provident and other funds.

"What we usually do is advise people, after talking to us, to consult an accountant or tax-law specialist to ensure that they have been given the best advice possible."

With all the new regulations coming into effect, we ask the interviewees, will investors in provident funds be making more money in the long run?

The representatives of the banks believe that the funds will continue to yield about the same amount—about five per cent—each year, as they have until now. But since there will be some sort of uniformity in the way the funds are operated, things will be less complicated: Now competition will take place at the level of customer service.

It seems that the banks have their work cut out for them in this regard, as a quick poll of customers at several banks revealed. Many of those spoken to claimed that they could never make head nor tail of their provident funds and how much they were really worth. Many complained that they were not given proper information or were not being updated periodically on the status of their funds.

"I have been saving at one of these funds for over 15 years," one customer complained. "Not once has my banker invited me to review my fund and find out if there are needs for changes."

"Several times the consultant at the bank proposed that I come in to discuss provident funds. But usually these have been 'blind' calls, never based on an honest check of my needs."

Self-taught savers

Joseph Morgenstern

OVER THE years and directly as a result of ongoing economic and fiscal instability, the average Israeli has become a superb street-wise, "shuk-wise" economist.

The self-taught economist has consistently out-thought, out-reacted and out-performed the brightest of local academic and professional economists and—on more than one occasion—finance ministers as well. To a surprising degree, the average citizen has somehow succeeded in preventing major erosion in the value of his or her savings.

Notwithstanding inflation, devaluations, stock market collapses and a bank shares crisis, the average Israeli still ranks high among the world's savers. His rate of savings amounts to 25 per cent of his available income (as compared with a recent world high of 28 per cent). Part of the impressive rate of savings is due to an inherent propensity that people have to save for specific purposes such as a vacation, purchase of a car, or towards retirement.

Israel's system of linkage of savings, wages and mortgages is unique. The linkage is forged either to movements in the cost-of-living index, to the relationship between a basket of currencies or, alternatively, to the U.S. dollar.

In spite of the spiralling inflation and massive devaluation experienced in recent years, this system has remained intact. Ironically enough, while policy-makers are now giving some consideration to ending the system of linkage, financial planners in other parts of the world—including the United States—are considering adoption of certain forms of the financial system of linkage.

Following are some of the basic categories of investments available: Savings schemes based on linkage to the index or to currency, or of a "mixed" nature, with the linkage being either to the cost-of-living index or to foreign currency, whichever yields the best results; non-linked shekel investments such as straight deposits; shekel-denominated investments on the Tel Aviv Stock Exchange; and "forward" transactions in non-Israeli currencies.

Each of these types of investment is suitable for an individual saver under certain economic conditions. In order to maximize the return on one's savings, it is necessary not only to tailor the specific investments to the needs of the individual but to keep in mind the capital market and economic conditions.

There is little doubt that recent history, marked by financial shocks, has left the average man-on-the-street wary concerning the safety of his investments and dubious as to a specific investment's ability to provide what is viewed as a reasonable return.

In retrospect, we can point to 1986 as a year in which the economy has experienced the highest level of stability since the onset of the 1980s. In the aftermath of the stock market crash and the bank share crisis, the Beisky commission's recommendations have heralded the beginning of a new era which, it is hoped, they will regulate previously unsupervised areas of investment.

With the recent inception of the "Big Bang" in London's "The City," a much smaller and less audible—but none the less meaningful—the "Little Bang" was heard here.

THE "LITTLE BANG" was marked by the ushering in of new rules and regulations governing securities investment advice. For as long as anyone can remember, the local banking system, with its branch networks located throughout the country, has been the dominant factor in extending investment advice and executing orders on the Tel Aviv Stock Exchange. Bank functions—apart from the traditional ones—include underwriting and managing of mutual funds and savings schemes. (On a much smaller scale, financial brokerage houses have also carried out some of these functions.)

In a landmark decision, the Bank of Israel, Israel's central bank (through the office of the Examiner of Banks), on June 4 of this year, issued a comprehensive set of guidelines governing the banks' investment advisory function. In mid-November, the "Little Bang" came into being, another meaningful step in improving financial services to local investors: The major banks have agreed and are now implementing a new policy of establishing individual, separate units dealing with investment advisory services.

At the core of the new regulations is the precept that investors receiving advice from the bank counsellors receive helpful financial data and information relative to the particular financial instrument they are considering.

Observers feel that the success of the policy, which marks a minor revolution in the offering of investment advice, will be positively influenced by the availability of the Tel Aviv Stock Exchange database in 1987.

This database will provide a broad range of information, including basic trading statistics such as highs, lows and volumes as well as, in due course, mutual funds and information such as periodic financial reports and corporate announcements.

The long range of expected benefits anticipated include improvement in the level of understanding of



The Tel Aviv Stock Exchange

the average investor and a greater appreciation of the various types of investment and the relative measure of risk involved. Another benefit may be a reduction in possible conflicts of interest within the banking community.

The "Little Bang" has been viewed by the public as well as government officials and professionals as a positive step in enhancing the functioning of the Tel Aviv Stock Exchange in its various roles, not the least of which is that of allowing Israeli companies to raise capital for their operations.

The banks are firm in their belief that they, more than anyone else, can efficiently fulfil the investment advisory function and can efficiently execute buy and sell orders for securities listed on the Tel Aviv Stock Exchange.

Bank Hapoalim, for one, has made a substantial investment in its participation in the capital market. Management believes that this market will develop positively and that the local exchange will assume a major role in providing capital for the economy. Underlying the bank's rationale, according to a high level source with the bank, is the belief that there will be major reforms in the framework of taxation and that these reforms will have a positive impact on the growth and expansion of the capital market.

Bank Hapoalim has hand-picked experienced young bankers with an academic background and trained them to assume positions, as security advisers in 80 of the bank's branches. Those chosen for this programme participated in a 360-hour course. In addition to the newly-acquired knowledge, these advisers will have available to them information on Tel Aviv Stock Exchange firms from the bank's database as a back-up for their advisory function.

BANK LEUMI, Israel Discount Bank, United Mizrahi Bank and the other banks, in one form or another, are now gearing up for what they view as new challenges and opportunities which lie ahead.

With a situation of newly-found stability in the economy, new investment trends have become apparent. One of these is related to the more than one-year-old stability in the shekel/dollar exchange rate. Both savers and investors have discovered dollar-linked or denominated; conservative investments have failed to come up with any satisfactory positive return. As a result, there has been an ongoing and continuous trend away from Patam-type, non-shekel deposits.

There are many alternatives available in the form of shekel deposits. Exclusively offered by Bank Leumi are the short-term deposits for five months at a fixed interest rate of 23 per cent per annum or, alternatively, a 12-month deposit at 26 per cent.

Another Bank Leumi exclusive is a shekel deposit which can range from 30 to 329 days and which bears accumulated interest—whichever will be the higher of the two eventualities—namely the interest rate on a negotiable certificate of deposit or the interest rate on a fixed deposit.

The public and the banks alike appear to be maintaining a continuous investment romance which focuses on savings schemes. The spectrum of schemes range from those linked to the dollar to others which provide monthly income and still others which are an extension of matured schemes. There is a broad choice of investment schemes based on linkage to the cost-of-living index. All of the savings schemes which are offered by the banking community result in a yield on principal which is free of tax. However, this situation may change as a result of the recently-mooted new economic programme.

The Tel Aviv Stock Exchange, in the past year, has mostly reflected an upward trend in keeping with the calmer economy. Looking past the popular market indices, one discovers that some securities have gone up by tens of percentage points or better. The attraction of the exchange for the average citizen has been connected with its capital gains-free status.

Since the early 1960s, when a 25 per cent gains tax was imposed and subsequently revoked, there has been little serious movement towards the imposition of one. Yet now there seems to be a likelihood, in the not too distant future, that the Finance Ministry will impose a capital gains, or some form of transaction, tax.

Dan Tolokowsky, in his role as the chairman of the Venture Capital and Investment R&D sub-committee has recommended that the government implement a 20 per cent capital gains tax limit for Israelis and foreigners alike, subject to a minimum holding period of 12 months, and that the tax in question should only be levied after the realization of the investment.

In recent days, activity on the exchange has been negatively affected by the impending imposition of a capital gains tax. Most Israelis will maintain their high level of savings but they are becoming resigned to the fact that the only thing that will remain tax-free in this country is Lotto and Mifal Hapayis.

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PROVIDENT & PENSION FUNDS, AND LIFE INSURANCE

Thursday, December 18, 1986
The Jerusalem Post Page Seven

A new lease on life

Leah Abramowitz

THREE YEARS after her husband's death, fifty-year-old Sara was still actively in mourning. She dressed in black and worked at a job she disliked because it was at the company where her husband had worked. She was convinced that her life over and, at one point, she even attempted suicide.

Slowly and with delicate prodding, a National Insurance Institute social worker persuaded Sara that she had "earned" the right to enjoy life again. Gradually, the widow exchanged her black dress for colourful clothing and was even able to enjoy her daughter's wedding, an event she had anticipated with mixed emotions.

For Sara and other recently bereaved spouses, becoming a widow (or widower) has been one of life's most difficult traumas. For almost a decade, the National Insurance Institute's Rehabilitation Division has been offering men and women like her a new lease on life — above and beyond the pension and other benefits they are eligible for.

The institute finds out who has recently been bereaved through applications it receives for social benefits. Community workers, educators and hospital staff also alert the newly widowed to the range of services the NII provides.

"They know we should be called when a tragedy occurs," says NII senior social worker Zivit Bergman. "We do the outreach work, to assess the needs and where we can help."

Another important institute service is organizing support groups for bereaved spouses. Bergman reports that these groups are most helpful in the later stages of mourning, after the bereaved person has begun to adjust to new changes in life. She notes that there is an amazingly free flow of conversation at support group sessions.

"They bring up anything in the world they want to discuss from the illness to the accident which led up to death, to their problems coping with society, to their families and children. Sometimes, Bergman adds, problems dealt with are special to a particular locality: kibbutz widows and widowers discuss coping with life alone in a highly structured cooperative society.

FOR SARA, joining an NII support group was an important step in her healing. At the rehabilitation division support group, she displayed a surprising gift for leadership and even discovered that she was able to counsel other women.

Several of the support groups have evolved into independent social clubs. In Jerusalem, a widows' club meets weekly at the Wizo centre, and between 30 and 50 women come regularly for lectures, performances and outings.

Sometimes, the clubs develop into advocacy groups which fight for better pension rights for the widowed. At present, there is a large gap between the amount paid to IDF widows (from the Defence Ministry), to spouses of terrorist attack victims (from NII), and to regular NII beneficiaries. The latter group receive an amount equivalent to one-fourth of the national average wage, which is not enough to live on, while the other categories of beneficiaries, theoretically, are able to survive on their benefits.

FREQUENTLY, a bereaved person discovers that he or she must go back to work to make ends meet. The NII's division of rehabilitation offers vocational guidance, small business loans, grants for higher education and plain old practical advice to encourage the newly widowed to get off the ground, financially.

Often, the problem involves helping the surviving spouse to deal with children who have just lost a parent. Bergman describes a highly successful "Big Brother and Big Sister" programme in which foreign students volunteer to lend a hand to these youngsters. As well as serving as role models for them, the volunteers get a taste of Israeli life and, as a result, integrate more rapidly into their new country.

There is also an organization of adult "Big Brothers" who visit orphaned children regularly to help out with homework or with life in general.

For Sara and her family, the NII offered more than just social benefits. After several months of counselling Sara told her social worker that she "felt like a new person." Rehabilitation division services are not just another bureaucratic pat on the back — they are helping a hand back to the land of the living.

ONE OF the biggest recent "revolutions" in the area of pension funds was the decision taken last summer to merge the seven Histadrut-affiliated funds into one company.

Makefet, Keren Gimlat Hamerkazi, Native, Mivtahim, Keren Poalei Habinyan, Keren Oydei Habaklaut and Magen, when finally united, will all be administered by the same management. It will then divide this united fund into three main divisions or blocks — economy, industry and services.

There are some details to be ironed out before the final merger which may be delayed.

The decision to merge the funds was taken last August after a committee headed by Eliahu Reiff recommended to do so in order to strengthen the funds. Histadrut Secretary General Yisrael Kessar, a strong supporter of the move, has called it a "step with historic implications."

The union will effect over 700,000 workers and pensioners registered with the funds. Together, the seven funds have combined assets of about \$6 billion, of which 90 per cent is invested in government bonds.

According to some critics, the merger is most likely to boost the "weaker funds" — like those of building and agricultural workers — at the expense of the stronger and larger funds like Mivtahim and Makefet.

Three of the heads of Histadrut pension funds spoke to by *The Jerusalem Post* said they were in favour of combining the funds. But Yitzhak Shilon, general manager of Keren Makefet, sounded a little bit apprehensive.

"We and other pension funds are trying to figure out how this merger will effect workers and pensioners. We must also first receive the approval of workers, workers' committees and even the management of their firms. They are asking difficult questions and we have to level with them."

Shalom Ten-Ami, general manager of the Central Pension Fund of the Histadrut Workers (Keren Gimlat Hamerkazi), came out loud and clear in favour.

"With one huge body, we can offer our members a larger variety of programmes and cover nearly all — if not all — of the professions in the Israeli market," he said.

"We will be able to overcome the 'roller coaster' effect that occurs in certain branches of the economy. The stronger will help the weaker during crises in a certain branch. Then when the weak becomes strong and another branch goes into a hard

United they stand...

There is some controversy over the proposed merger of the Histadrut's seven pension funds, writes Yitzhak Oked.

period, it can then help it out. What we want is that when there is a crisis in one branch, it will not shake the whole pension fund too strongly."

Amos Eiran, general manager of Mivtahim, is slated to become the general manager of the new united fund.

A strong supporter of the merger, he is a top level professional in his field who understands the great responsibility he will be taking on.

"Out of the 700,000 members in all of these funds, about 60 per cent are members in Mivtahim," Eiran told *The Post*. "We are now conducting high-level discussions with representatives of our members. In the long run, I believe that the merger will streamline all of the funds and will give a stronger actuarial base to all of them."

What is in it for the pension fund investors? Can they expect, through this merger, to pay less into the funds on one hand, and to receive more of a pension on the other?

Workers' dues, we were told, have to be increased but, Ten-Ami stressed, "There is no connection between the need to raise their payments and the merger."

We have been demanding a raise in fees for quite a long time, and this might answer the second part of the question concerning increasing pension benefits: Israel has some of the best pension benefits in the world and because of this, the fees being paid today are not enough. One of the main reasons is that the life expectancy here has increased since the actuarial calculations were made."

According to pension fund economists, there is indeed an urgent need to raise workers' contributions to their pension funds.

According to a proposal made some time ago, the employers should increase their contributions by 1 per cent and the workers by 0.5 per cent. Then the rate of monthly pension payments will reach 17.5 per cent of the gross salary.

Eiran stated that this increase should be enough and that pension funds management will not make any further demands till the beginning of the next century when the figures will have to be revised

according to what will then be the life expectancy of Israelis.

Eiran did have harsh words in regard to the Ministry of Finance which, he claimed is dragging its feet and not allowing the pension funds to increase workers' fees.

"This is harming the strength of the pension funds, despite the fact that the employers have agreed in principle to pay this extra one per cent. The Ministry of Finance refuses to see this increase as a recognized expense for tax exemption purposes."

"If the Ministry of Finance continues to oppose this increase, it will be a serious blow to the pension funds. They have enough money to pay their pensioners today, but if the payments are not increased now, they may not be able to fulfil their commitments in the future — especially with the increase in pension-aged people in relation to the actively working population."

The Histadrut fund managers pointed out that another cause of problems is the erosion of workers' wages and the growing number of new workers who are not joining — or are not qualified to join — pension funds. This is an important factor since pension funds depend on contributions of active workers to finance the allowances given to retired workers.



Since pension funds depend on contributions of active workers to finance the allowances given to retired workers, the growing number of new workers who are not joining — or are not qualified to join — pension funds, is an important factor.

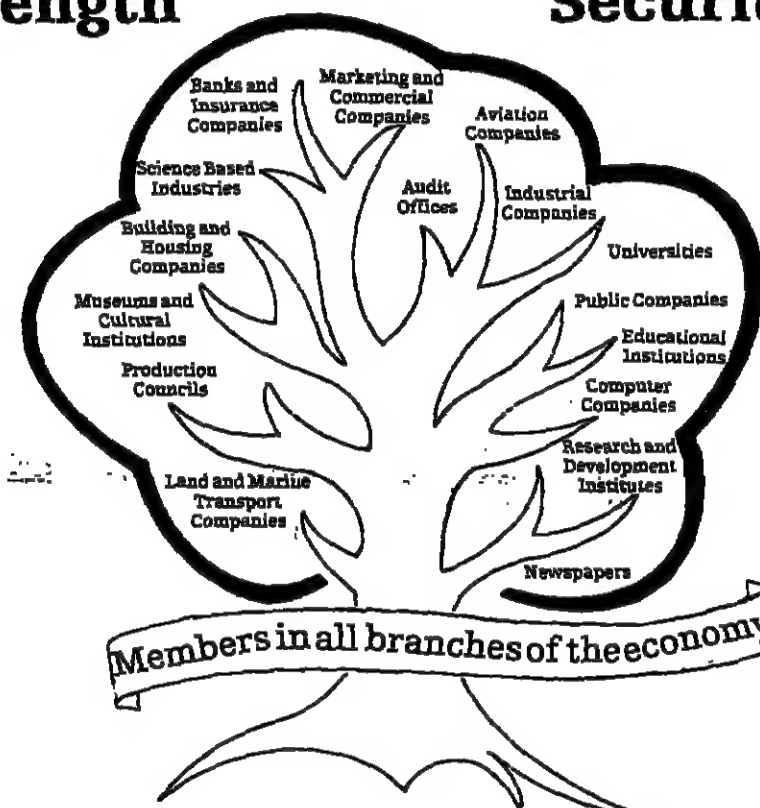
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SOME OF US retire gradually, others continue to stick to their jobs until they reach the very limits of their ability.

To me, the administratively set retirement age of 65 seemed fair and attractive enough. Having had long years of work to my credit, I felt that the time had come to hand over my job and enjoy the benefits of a prolonged rest and a newly won freedom.

My retirement came about in a most orderly, efficient and almost routine manner. There was nothing special about it: I worked until the last day and minute and then I left for home as if embarking on a prolonged leave. I enjoyed a very moving parting ceremony and in many ways I still felt a part of the establishment I worked for. But however happy I was, there was also that mixed perception of uncertainty, a gnawing fear of the future, and a feeling of having lost something forever.

How difficult it is for us to break the long-established routines! We take pride in what we are doing, get used to our offices and colleagues and there is always a feeling of a loss at parting. You are no longer a part of a team. However unfair, there is always a suspicion of being redundant and no longer needed.

"Life begins at sixty-five," I received a warm welcome at home. Congratulations and telephone calls poured in, many from acquaintances I have never suspected of being so considerate. "You have just joined a

very special club," my wife told me. She had also chosen to retire, even though she was warmly encouraged to stay on at her job, and had never regretted her decision.

"Every morning I wake up," she frequently observes, "I am happy to be able to stay in bed for at least one hour more." But then she points out, "With men, however, it is different. Anyhow, it is much easier in summer. Days can be frightfully long during the winter."

"Everything depends," I suggested lamely.

During my long years of work, I became aware that retirement may build or destroy an individual. Many of my former colleagues found their new existence empty and an awful bore. It was a prolonged and frequently difficult test of their ability to concentrate on new interests and adjust to vastly changed circumstances. They frequently complained of having been rendered useless, of leading a monotonous, gray, sad and nostalgic existence.

Many were grateful for any partial job offer. Others eagerly sought and found various badly paid jobs. Only a few were socially conscious, and they fared much better, becoming intense and devoted professional volunteers, and applying themselves to their new tasks with all the energy at their disposal.

Only a few turned permanently sick and concentrated on their more or less apparent disabilities. Some of these would have continued to be productive, perhaps for many years

'Life begins at 65'



Alexander Zvielli

to come, had not the retirement led them astray without adequate guidance or consideration.

The Bible tells us of slaves who refused to be freed following their obligatory seven-year-long service. Apparently they too found it difficult to change what they considered to be a most stable and favourable situation. Work offers us, even if we hardly admit it, a stable framework to lean on, a healthy discipline and a ready and easy-to-follow life schedule. Retirement removes all such external props that we have gotten used to leaning on in the past and it offers nothing in return.

It is, then, up to the individual to build his own set of new props if he wishes to assure himself a continuous, happy and orderly existence. It might be interesting to note here that I did not find a single brochure on retirement that dealt with the more trying aspects of the psychological upheaval. The brochures take your future for granted, and imply that retirement automatically means old age. But real old age is a very relative notion.

You may be very old prematurely or remain young until the late seventies.

THIS EXPLAINS why it is so much easier for more observant colleagues to adjust themselves to their new retirement conditions. Faith is a natural, most substantial prop supporting a believer. A pious synagogue or the simplest *shul* both offer their elderly members excellent stimulation and fulfillment. No wonder that so many aged turn themselves back to religion.

It is not the impending fear of death, as is generally believed, but a search for strength in adversity which prompts them in this direction. Those who pray a number of times a day, attend various regular and festive services, study the holy writings and peruse lengthy commentaries easily become an integral, standard and welcome feature in every congregation. They are hardly in need of any special pursuits, any discipline, spiritual help or psychological assistance. They are happy and enjoy and love all that Judaism and the synagogue offers them.

It is quite difficult for an ordinary Israeli to set up his own healthy and efficient retirement routine. It is in some respects like being born again.

The main difference, however, is that at this stage no one can do anything for you. You have to choose your own options and make your own decisions. You must find

your own manner of fulfillment, even if you may grope in darkness for a while. You may choose to study, read, play cards, take long walks, write in your diary, travel or embrace a hobby - but you must stick to what you are doing. You must set your own timetable.

Retirement is perhaps your last chance to learn more about yourself, your needs, capabilities, wishes, desires and possibilities. Once all the former props have been removed you remain naked and bare until you choose your options. You have ample time to consider your standing within your family, society and community. You have all the time to consider and select your friends and acquaintances. As this is a time when you stay at home more, you should try to make it a better place to live in.

Fortunately, Israel offers a wide choice of options for those with time on their hands. It is sufficient to peruse a Friday newspaper column to realize the multiplicity of clubs, organizations and social functions available. This is perhaps your last chance to join and even make yourself useful. One can even try a little sport on the side, take a daily healthy swim, a luxury one never had time to indulge in before.

RETIREMENT is hardly the end of the road, it is the beginning of a new one. It is every individual's chance to lead a completely independent and unfettered enjoyable existence. It may be, in a way, a race against time, but so is life and every age has its own pitfalls and compensations. All that is needed, to keep your head, is a little planning, strong will to keep your head above water, a lot of self-imposed discipline, and a frank appraisal of your limitations.

It really doesn't take a great deal of effort to keep busy, to be preoccupied with various matters even more than you were before. A man who has worked all his life cannot be expected to remain idle. While the society has hardly all the answers, one must search and find his own way of developing new props and routines. In such a way a successful retirement will lead you to a new stage in your life, to productive and healthy self-employment.

They say that in the Diaspora it is easy for one Jew to recognize another. I don't know whether this is true or not, but I am positive that here, in the Holy City of Jerusalem, I

can immediately spot my retired colleagues. Many of them are now younger than myself. They were encouraged to leave their public service jobs, tempted to do so by special pension rights and compensations. Now I meet them wherever I go - and we hold long conversations together. Some of them are working again, others are volunteers, and others still wander aimlessly. They are a permanent standing feature in various social clubs. We swim together in that wonderful institution - Beit Hanoar Haivri on Rehov Herzog - while all Israel is still at work and busy. Many help in the army, police and hospitals.

It is good, everybody repeats, to have something to do. We are an army and there is even someone who tries to mobilize all of us, 400,000 members into a single, new political party for the next elections. Ten Knesset seats, he claims, are nothing to sneeze at. We are still kicking, he says, we are the power.

EVERYBODY GOES through the mill, this is inevitable, even if many refuse to think about it. But today, in the sixth month of my retirement, my former fears are gone. I found out, by touch and go, what is best for me. Personally, I believe, I have put my new props in a well-set framework. I made my life orderly and productive again.

I get up as early as I did before. I perform most of the household chores, I study the daily press. I work a little and read and listen to music a lot. I go for long walks and swim daily. I play bridge and I volunteer for various social assignments. I would work a little harder, if given a chance, to have more fun, but not out of necessity. And, the main thing is that I do not feel any older than before my retirement.

Most of my retired colleagues eventually attained the goals they were reaching for as well. After all, we are an experienced crowd and not just beginners. We all had our initial shock and a little confusion, but we have quickly gotten over it. Now, I can even travel - for I have finalized all those retirement affairs like pensions, and other dues - and such matters take a long time here.

Golden Age citizens enjoy a very special status in the West. Perhaps the time has come to grant them the same special priorities here.



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Policies for Everyman

MORE ISRAELIS bought life insurance this year than in the past, apparently because they consider it a solid investment. The number of policies issued during the first nine months of 1986 jumped 38 per cent over the previous year, and the amount collected by insurance companies in life insurance premiums

leaped 13 per cent.

"What happened with the bank shares scared a lot of people," Shmuel Golumb, general manager of the Association of Life Insurance Companies, explained. "People lost a lot of money on the stock market, and some people don't trust the banks any more. The Histadrut pension funds are in trouble by the Histadrut's own admission. So people are buying life insurance."

Most life insurance policies include both life insurance - payment to a beneficiary in the event of the policyholder's death - and pension insurance, payment to the policyholder him/herself after age 65. It is sometimes possible to buy one without the other; for example, pension insurance might be of more interest than life insurance for a single policyholder without children who is not concerned about leaving money to someone after his/her death.

Additional available programmes include disability or accident insurance and (so far in the case of only one company, but with two others planning to follow suit here) a rider to the policy providing a benefit of \$25,000 if the policyholder should get cancer. "It won't cure cancer, of course," Golumb hastened to say, in case anyone had that misconception. "But it could provide the means for additional private consultations or treatments beyond what the health funds provide."

Golumb said that at one time the ultra-Orthodox objected to life insurance because they felt it was interference with God's hegemony on decisions of life and death. That misunderstanding has apparently been cleared up, since today the ultra-Orthodox are among the country's biggest life insurance agents.

GOLUMB SAID that if the government wants people to save instead of spend, tax breaks on insurance payments should be increased, not decreased.

He also thinks a national retirement system should have three tiers: the minimum provided by National Insurance, a second tier of compulsory saving for retirement where the percentage to be saved is compulsory but the worker can choose where to save it (pension fund, bank, insurance, etc.) and a third tier of entirely voluntary saving for retirement at the discretion of those who still have money left.

ings schemes and funds. This information comes from a special questionnaire which we give to prospective clients.

"With all these facts, we then devise an insurance policy tailored-made to suit the customer."

Some clients, according to Ravid, feel a great responsibility to leave sizeable sums to their families, while others say that only as long as they are alive, will they support their families.

"The sign of professionalism among insurance agents is their ability to make up a good package that will meet the needs of these different customers. They must also be honest and level with clients [for] if the [latter] are over-insured or if, according to the questionnaire, they do not need any insurance whatsoever, then the agents must explain this to them."

In addition, with the current fluctuating state of economic affairs, Ravid added, it is worthwhile also to revise the new financial plan every few years to make sure that the client's insurance needs are met: The good insurance agent must keep in touch with his client.

PEOPLE can be categorized according to three main groups of life insurance needs:

"The first group are in the 20-35 year-old bracket," Ravid noted. "These are young people who have finished their military service, and are faced with a paradox concerning life insurance: They form the group that has the biggest life insurance needs, on one hand, but, on the other, are usually in the lowest rung in the wage scale since they are only at the beginning of their careers."

"On top of that, they are usually deep in debt, paying off a mortgage and other loans incurred by young couples with small children. This means that they do not have any money for insurance or very little - although they are usually the ones who need it most."

If these young people die or are not able to work, Ravid explained, they must be insured to ensure that the needs of their young family are met.

"What we advise people in this group, then, is to take out as little as needed in pension or old age insurance, and to take out the most on death or injury insurance, instead of the savings scheme policies. Later when their debt level shrinks and their salary increases they can start thinking about saving and old age insurance."

This brings us to the second category of insured persons: the 35-50-year-old group. This is the most lucrative bracket in the insurance field and the most sought-after by insurance companies. These are people who are usually near the peak of their careers, are usually "established," and have money to put aside for their families in case of a tragedy.

"Persons in the 50-65 age group need more old age and injury coverage than insurance in case of death since by this time their children are already grown up," Ravid noted.

All three groups, he concluded by stressing, "need above all and before everything else an insurance policy tailored to individual needs" by an agent who cares for and keeps up with clients.

YITZHAK OKED

Pension Fund for 400,000 Salaried Employees

81% Rise in provident fund collections for the first nine months of the year. Mivtahim's accumulated pension capital by the end of September, 1986 totalled NIS 5.2 billion.

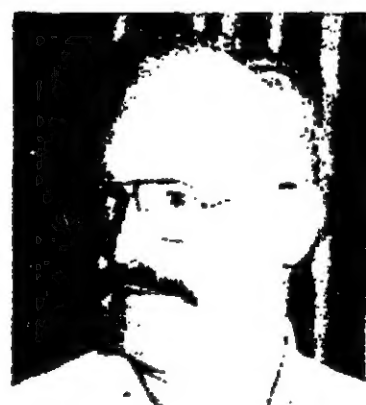
Mivtahim boasts some 400,000 insured members in approximately 9,000 places of employment.

The accumulated Mivtahim pension fund by the end of September, 1986, totalled NIS 5.2 billion - a 18% increase as compared with the same period last year.

We anticipate an 8% real increase in the accumulated pension fund by year's end.

Mivtahim boasts a firm accumulated pension fund order to strengthen the existing state of affairs, provident fund payments should be gradually increased in line with the practice in progressive European nations. Industrialists must abide by the two year old agreements to which they are a partner, which means they must pay an additional 1% into the provident payments fund.

The closure of industrial establishments and the present stagnation of the economy indicate a freeze in the number of provident fund members. Hence we have been relentlessly pushing for legislation to allow for expansion in the all inclusive pension



Amos Eran, Mivtahim General Director

agreement, to make certain that all salaried persons be included in the scheme. The plan is the best answer in today's national economy to the matter of insurance for salaried employees.

We are, in addition, taking energetic action against

work places that are in arrears on provident fund payments and have activated a programme of cuts in costs, amongst others by branch mergers and administrative unification, which will bring about savings throughout the system, without lowering the level of service provided for members at their various places of employment.

At the end of September, 45,000 pensioners were receiving a total of NIS 176 million in Mivtahim pension payments.

During the nine months of the year, approximately 250,000 payments of various kinds had been made, adding to the well being of Mivtahim members. There were payments for illness, vacations, compensation,

and provident funds, over and above the pension payments to some 45,000 pensioners.

Presently on the agenda is the subject of pension fund unification, in accordance with central committee decisions. We have no doubt but that overall unification of all pension funds in one sole fund, will contribute to monetary savings and actuarial entrenchment, all of which is intended to meet the future commitments which the Histadrut social insurance system has taken upon itself, with simultaneous improvement of services to fund members.

Mivtahim, The Workers' Social Insurance Fund Ltd., 30 Ibn Gabirol St., P.O.B. 2746, Tel Aviv.

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حساب من الاموال

Knesset sovereign to lay down its own procedures

No need to intervene

In the Supreme Court sitting as the High Court of Justice before the President, Justice Meir Shamgar, the Deputy President, Justice Miriam Ben-Porat, Justice Menahem Elon, Justice Aharon Barak and Justice Dov Levin, in the matter of Rabbi Meir Kahane, MK petitioner, versus Shlomo Hillel, the Speaker of the Knesset, and others, respondents (H.C. 669/24, 131/86).

THE PETITIONER, a member of the Knesset, submitted to the respondents, the Speaker and deputy Speakers of the Knesset, five bills dealing with relations between Jews and non-Jews in the state. The bills contained a prohibition on missionary activity, meetings between Jewish and non-Jewish youth, and the giving of land to non-Jews on hire or for cultivation. One bill provided for the punishment of miscegenation between Jews and non-Jews, and another provided that only Jews whose mother is Jewish be appointed to the cabinet.

The respondents rejected the bills on the basis of their racist content, relying on section 134(c) of the Knesset Constitution under which "The Speaker of the Knesset and his deputies will not confirm a bill which, in their opinion, is of a racist character, or rejects the existence of the State of Israel as the state of the Jewish People."

The petitioner then moved the High Court of Justice to order the respondents to lay the bills before the Knesset plenum.

The first judgment of the court was given by Justice Meir Shamgar. Section 134(c) of the Knesset Constitution, he said, was the outcome of the court's decision in a former application of the present petitioner in H.C. 742/84 (see *The Jerusalem Post*, November 25, 1985), in which the court held that the respondents were not entitled to refuse to lay the bills then considered before the Knesset.

The court then emphasized that its decision was based on the Knesset Constitution as it then stood, and that the Knesset was free to change the situation, and limit or extend a private member's right to initiate legislation as it saw fit. This the Knesset had since done.

The petitioner had argued, however, that the limitation of the rights of a Knesset member to introduce legislation could only be achieved by a law, or by a provision in the constitution of the state if and when such a constitution is enacted. An amendment to the constitution of the Knesset, he submitted, was insufficient.

There was no room for the court's interference in the present case, the president held. Under section 19 of the Basic Law: The Knesset, the Knesset laid down its own work procedures, and to the extent that it did not do so in a law, such procedures would be laid down in the Knesset constitution. If the constitution, too, was silent on the matter, the Knesset was to act in accordance with its customary and accepted rules.

The legislative process was included in the Knesset's work procedures, and in the absence of a provision in a law governing the initiation of legislation by a private member, the constitution was to be followed.

IN DECIDING to what extent the court would interfere in decisions based on the Knesset's constitution, Justice Shamgar continued, it was to be borne in mind that amendments to the constitution were effected by a decision of the plenum following a recommendation by the House Committee. Such a decision, therefore, resembled a law, and could not be compared with regulations made by an executive authority.

Moreover, the court had already made it clear that in exceptional circumstances would it interfere in internal parliamentary procedures (see, inter alia, H.C. 652/81 and H.C. 325/85, *The Jerusalem Post*, May 16, 1982 and September 9, 1985). At the same time, the constitution did not enjoy the status of a law, and was not beyond the scope of judicial supervision as to its content.

The question remained, the president said, whether the respondents had exercised their discretion correctly. In his opinion, there was no ground for the court to intervene. The court was not an appeal tribunal on decisions of the Speaker and his deputies, and would act with restraint in internal parliamentary matters covered by the constitution.

The petitioner, Justice Shamgar said, had also sought to include his petition in the area of basic constitutional rights. He did not agree with this thesis, for a private member's right to initiate legislation flowed from the Knesset constitution alone, and there were examples in other countries where this right was not accorded to every single member of parliament.

Justice Shamgar said, in conclusion, that Justice Levin had cited section 15(c) of the Basic Law: Judiciary, under which the Supreme Court, sitting as a High Court of Justice, "shall hear matters in which it deems it necessary to grant relief for the sake of justice and which are not within the jurisdiction of another court."

In Justice Levin's view, the present petition should be dismissed on the ground that this was not a case justifying the grant of relief "for the sake of justice." He did not share this view, the president said. It would not be proper for the court, within the framework of its jurisdiction, to turn its back, in principle, on a petition of a Knesset member who sought its intervention, rightly or wrongly, in a matter relating to his rights as a member of the supreme legislative body.

LAW REPORT Asher Felix Landau

An assessment of values relating to the general nature of such a petitioner, or to the degree to which his general conduct conformed to the basic values of our regime, did not in itself bar his right to approach the court. The petitioner was entitled to the relief he claimed if his case was substantiated on its merits.

Since, in the present matter, this was not so, the petition should be dismissed.

The deputy-president and Justice Aharon Barak concurred in the judgment of Justice Shamgar.

JUSTICE Dov Levin agreed with Justice Shamgar, but was also of opinion that the grounds on which the petitioner claimed relief were not worthy of the court's consideration at all.

Citing several precedents of the Supreme Court, Justice Levin said there were differences of opinion as to the way in which the High Court of Justice would exercise its discretion in deciding whether or not to consider a case on its merits.

According to some precedents, the grounds for dismissing a petition at the outset, *in limine*, were defined and well-known, such as bad faith, approaching the court "with unclean hands," delay in bringing the petition, absence of legal standing, or the possibility of obtaining relief in some other tribunal. Some held, on the other hand, that a petition should be dismissed if the judges were of opinion that the case was not appropriate for granting relief "for the sake of justice."

Justice Levin said he favoured the latter view, justifying a broad approach, including the consideration, on the basis of values, of the conduct of the petitioner asking for justice from the court.

He would adopt the same attitude whether or not the Speaker of the Knesset and his deputies were empowered by the Knesset constitution to refuse to bring the bills in question before the plenum. For this reason, had he sat in the previous case of the petitioner cited (H.C. 742/84), he would have proposed the dismissal of the petition *in limine*.

The common feature of all the bills now considered, said Justice Levin, was discrimination between Jewish and non-Jewish citizens of Israel, with the object of depriving non-Jews of basic rights enjoyed by Jewish citizens. The basic conception in these bills was clear racism, and it contradicted the fundamental principles and sublime values of the State of Israel.

The very initiation of the legislative process by each of these bills was a serious and shameful blow to the image of Israel as an enlightened and democratic state. The court should not assist anyone who seeks to impose such a process on the Knesset.

The petitioner, Justice Levin continued, had tried to base his case on the *Halacha* (Jewish law). In so doing, however, he denied the enlightened principles upon which Jewish law and morals were based, and had quoted legal passages out of context.

Justice Levin then quoted texts from Jewish law, as cited by Justice Menahem Elon in a previous case (Election Appeal 23/84), in which he explained the moral conceptions in Jewish sources as to how a national minority living under Jewish rule should be treated.

The proposed bills, and the whole basis of the petition, said Justice Levin, were totally unacceptable from every point of view. The petition, therefore, should be dismissed on that ground alone, quite apart from the legal reasons dealt with by the president.

JUSTICE Menahem Elon agreed to the dismissal of the petition, but on different grounds. He pointed out that, in recent years, the court had extended its supervision of parliamentary acts and procedures on the basis of section 15(d)(2) of the Basic Law: Judiciary, which empowers the High Court of Justice to make orders against "State and local authorities and the officials and bodies thereof, and other persons carrying out public functions under law."

This happened in two stages, starting with the case of Flato Sharon (H.C. 306/81), in which the court set aside a decision of the Knesset Committee to suspend the petitioner's membership of the Knesset pending the completion of criminal proceedings against him, and leading to H.C. 652/81 (above), which in turn preceded a series of new decisions, including H.C. 742/84 (above), and H.C. 73/85 (see *The Jerusalem Post*, September 29, 1985).

Justice Elon then analysed all the Supreme Court precedents on this subject, emphasizing that in each case, counsel for the State had argued that the court should not interfere with the discretion of the various parliamentary organs on the grounds applying to the discretion of ordinary administrative authorities.

In counsel's submission, Justice Elon continued, the only question to be asked in relation to organs of the Knesset was whether they acted within their functional authority; and it was only in cases in which that authority was exceeded that the court would intervene.

In his view, said Justice Elon, that argument was correct. He realized that this opinion contradicted the recent decisions of the court referred to, but this was the first time he had been called upon to consider this subject, and he was obliged to judge to the best of his understanding.

In any matter relating to the legis-

ature and its organs, he said, the court should make no further inquiry if the functional authority of the body concerned had not been exceeded. This should apply even if there had been a serious blow to the fabric of parliamentary practice and the constitutional structure of the regime.

This restraint, he said, was vital for the preservation of a proper balance and mutual respect between the legislature and the judiciary, and expressed the proper regard owed to the legislature. Not only was there no question of this restraint infringing the rule of law; on the contrary, it ensured the rule of law would be preserved.

IT WAS DIFFICULT, Justice Elon said, to inquire how the reasonableness, or the absence of fairness or good faith — the tests applied to the acts of ordinary administrative authorities — were to be applied to the Speaker of the Knesset and his deputies. Must they file affidavits, and perhaps be cross-examined on these matters?

Such steps would constitute a serious lack of respect towards the legislature. The demands of reasonableness, fairness and good faith in regard to ordinary officials were different in their very nature from those demanded of political bodies.

It was true that members of the Knesset and its committees who acted unreasonably or unfairly, or in bad faith, also had to account for their actions, but such account was to be given to the voters in elections, and not to the courts. The court did not supervise the content of laws, except where the Knesset passed a law in excess of its powers by acting without the required majority.

Moreover, said Justice Elon, if the tendency of examining the reasons for Knesset members' decisions in internal parliamentary procedures were to continue, the day was perhaps not far distant when the court would examine the motives and reasons of Knesset members during the various stages of legislation, and their vote in the plenum itself.

JUSTICE ELON then pointed out that in England, parliament was completely protected from any interference by the courts. There were particular historical reasons for this, but the principle of restraint applied also in other countries, such as the United States and Australia. He agreed with this approach.

It was a very difficult task, he continued, to measure "the serious blow to the fabric of parliamentary practice" which was a central feature in the precedents favouring judicial interference. This required reliance on the "expert instinct of the jurist," and led to the rule of the judge, and not the rule of law.

This approach excluded any objective test as to whether or not the particular parliamentary decision should stand.

He realized, said Justice Elon, that he was in the minority in expressing these opinions, but it had been said that the opinion of the minority should be stated, since perhaps it would one day be the opinion of the majority.

For the above reasons, said Justice Elon, he would dismiss the petition, as he would also have done in H.C. 742/84, above, on the basis of which the present petition was lodged.

The petition was dismissed, and the petitioner ordered to pay the respondents' costs in the sum of NIS 3,000.

Advocate Meir Schechter and Advocate Avraham Be'eri appeared for the petitioner, and Advocate Renato Yarak, director of the High Court Division of the State Attorney's Office, for the respondents.

Judgment given on December 1, 1986.

NBA

Shot at buzzer gives Jazz 7th straight

NEW YORK (AP). — Utah coach Frank Layden looked up at the scoreboard Tuesday night, saw three seconds remaining with the score tied at 106, and told the Jazz not to worry about anything.

"Three things can happen," Layden told his players during a timeout. "Either we'll get a foul, or get a shot, and if it doesn't go in we'll beat them in overtime."

Overtime was not necessary, however, because Darrell Griffith made a 26-foot jump shot at the buzzer to lead Utah to their seventh straight National Basketball Association victory, 109-106 over the Washington Bullets.

"It's a play we'd run a few times already...and it worked just the way we wanted it to," said Kelly Tripucka, who inbounded the ball.

Griffith finished with a season-high 27 points. Karl Malone had 24 points and Tripucka 21 for Utah.

Bulls 99, Nets 96
Chicago's Michael Jordan scored 41 points, but it was one of his shots that went awry — resulting in Mike Brown's last-second game-winning tip-in — that ultimately made the difference.

New Jersey, losers in 13 of 13 road games, were led by Mike Ginski with 24 points and Buck Williams with 20.

Celtics 107, Knicks 96
Boston's Larry Bird hit 11 of 18 shots from the floor, dished out nine assists, pulled down 10 rebounds and scored 29 points to lead the Celtics.

Kevin McHale also scored 29 for Boston. Gerald Williams led the Knicks with 23 points. Bill Cartwright added 22 and Patrick Ewing had 17.

Elsewhere it was the Lakers 121 (Magic Johnson 25 points, 14 assists, and 11 rebounds; Abdul-Jabbar 25 points), Cavaliers 116 (John Williams 22; Pistons 111 (Bibi Lalonde 28 points and 20 rebounds; Hawks 100 (Glen Rivers 24); Bucks 103 (Ricky Pierce 24, 7eers



UNSTOPPABLE. — The Bulls' Michael Jordan led the night's NBA scorers with 41 points.

(Reuters)

CRICKET

Sri Lankans hammer Indian bowling

KANPUR, India (Reuters). — Sri Lanka, lifted by a record opening partnership of 159, made an impressive start to the first cricket Test against India yesterday, reaching 217 for 2 at stumps.

Ravi Ratnayake, who hit an unbeaten 93 and Sidath Wettimuny, with 79, beat Sri Lanka's previous first wicket best against any country in Tests — 77 against Pakistan in Faisalabad during the 1981-82 series.

The Sri Lankans, who won the toss, punished India's listless attack on a grassy pitch. India's solitary success was achieved by fast-medium Chetan Sharma when he trapped Wettimuny leg before after the opener struck 13 fours in an aggressive innings.

In Adelaide, England deputy wicketkeeper Bruce French was taken to hospital for a cardiograph after suffering breathing difficulties during the night.

The 27-year-old French was hit on the chest during the match with Victoria in Melbourne last week and team officials fear he is suffering from a delayed reaction. He also picked up a viral infection.

Other English walking wounded are Ian Botham (rib muscle), Graham Dilley (knee) and Phil Edmunds (back).

WEST BROMWICH (AP). — The "game nobody wants" has gone to the club that wants it least.

Ten days after visiting Leeds United fans set fire to a section of West Bromwich Albion's stadium, the English Football Association ordered Albion to host the January 11 FA Cup game between Leeds and Telford United, a non-league team.

Telford had hoped to stage the match at its tiny Buck's Head Stadium, 30 miles west of this central English town. But the FA ruled that because of security problems — West Bromwich should host the match, despite West Brom's protests. There is no appeal possible against the order. The FA said there was no other suitable site available.

"We have an inherent power, if you like, to decide where matches will be played," Ted Croker, the Association's secretary, said. "We have total power to make decisions in relation to clubs who are affiliated."

In a season in which authorities say they are making headway in cracking down on soccer fan violence in England, road games involving Leeds have been exceptions.

In London, England's talented midfielder, Glenn Hoddle.

announced that he intends leaving Tottenham at the end of the season to join a foreign team.

Hoddle, interviewed in a daily newspaper, said: "I believe this will be my last season with Spurs. I would not have said this at the start of the season, but I now know I must make the break. It will be one of the biggest regrets of my life if I don't play abroad and discover just how good Glenn Hoddle is."

The 29-year-old has been with the London First Division club all his career and still has 18 months of his present contract to run. There was no indication of which country Hoddle would like to play in.

In Bulgaria, national goalkeeper Borislav Mikhailov was named "Bulgarian Footballer of the Year" barely 18 months after being banned for life, the official BTA News Agency reported.

Mikhailov, 24, was one of four players suspended for life last season after a brawl in the Bulgarian Cup Final between Spartak Levski and CSKA Sofia. Five other players received one-year bans.

But Mikhailov's punishment was overturned at the beginning of this year after Bulgaria qualified for the world cup finals.

Gandhi bans Indian athletes from int'l competition

NEW DELHI (AP). — Prime Minister Rajiv Gandhi has banned Indian athletes from participating in all international sports except cricket because of the country's poor performance in the Seoul Asian Games.

India Shukla, president of the Indian Olympic Association, said Gandhi's order has been sent to the Ministry of Sports.

"The Sports Ministry is reviewing

the entire policy and for the time being no team is going out."

Shukla added that the order would remain in force until Gandhi completes a review of India's performance in Seoul.

There was widespread criticism in the national parliament and press over India's performance at the Asian Games in September.

India sent more than 400 people to the games — the country's largest contingent ever sent abroad — but won only five gold medals.

The ban does not cover cricket because India is a champion in the sport.

NHL

CALGARY (AP). — Defenceman Al Macinnis scored a goal and added four assists as the Calgary Flames stormed back from a 3-0 deficit to defeat the Detroit Red Wings 8-3.

SPORTS. — Patrick Flaherty scored the winning goal with 4:36 remaining, giving the New York Islanders a 4-2 victory over the Minnesota North Stars.

Gaston Gingras' power-play goal midway through the third period lifted the Montreal Canadiens to a 4-2 victory over the Blues in St. Louis.

SPORTOTO

By PAUL KOHN
TEL AVIV. — Last Saturday's downpours and mud patch pitches failed to produce real surprise results, and 29 punters managed to mark all 14 results correctly on the Sportoto football pool coupon. Each won NIS 22,000.

Thirteen right were worth NIS 340, 12 results right got richer by NIS 32 and eleven got a pay out of five shekels. Sportoto announced minimum total prize moneys of NIS 1.4m. after this weekend's games.

TIPS	Single	Permutation
Mac. Jaffe v Mac. Yavne	1	IX
Beersheva v Hap. Lod	1	I
Kfar Sava v Bel. Netanya	1	I
Hap. TA v Bel. TA	1	I
Mac. TA v Shimon	1	IX
Mac. Netanya v Bel. J'm	X	IX
Hap. PT v Mac. Hafa	X	X
Mac. PT v Bnei Yehuda	X	X
Hap. Hafa v Hap. Holon	1	I
Hap. J'm v Hap. Hodera	1	I
R. Amudim v Hap. R. Gan	1	IX
Hatohah v Bnei Shean	1	I
Bel. Ramle v Yehud	X	X

NFL STANDINGS

AMERICAN CONFERENCE EAST						
	W	L	T	Pct	PF	PA
New England	10	5	0	.667	378	286
N.Y. Jets	10	5	0	.667	343	334
Miami	9	6	0	.600	325	277
Buffalo	4	11	0	.267	280	332
Indianapolis	2	13	0	.133	198	376

Indianapolis	2	13	0	.154	190	332
				.154	190	332
CENTRAL						
Cleveland	11	4	0	.733	324	263
Cincinnati	9	6	0	.600	357	271
Pittsburgh	6	9	0	.400	296	312
Houston	4	11	0	.267	258	322

WEST						
** Denver	11	4	0	.733	362	296
Kansas City	9	6	0	.600	334	307
Seattle	9	6	0	.600	325	277
L. A. Raiders	8	7	0	.533	292	310
San Diego	4	11	0	.267	218	349

NATIONAL CONFERENCE EAST						
* N.Y. Giants	13	2	0	.867	316	212
* Washington	11	4	0	.733	347	282
Dallas	7	8	0	.467	336	313

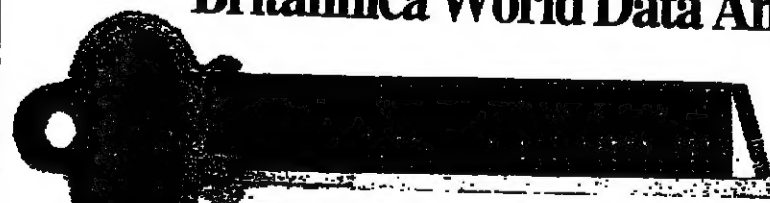
Philadelphia	7	8	0	.467	336	312
St. Louis	5	9	1	.367	342	291
CENTRAL						
** Chicago	13	2	0	.867	328	177
Minnesota	8	7	0	.533	265	256
Detroit	5	10	0	.333	271	386
Green Bay	4	11	0	.267	228	363
Tampa Bay	2	13	0	.133	222	452

WEST						
• L. A. Rams	10	5	0	.667	298	243
• San Francisco	9	6	0	.600	313	264
New Orleans	7	8	0	.467	271	254
Atlanta	6	8	1	.433	261	274

*Clashed division title
*Clashed playoff berth
SATURDAY'S GAMES: Pittsburgh 45, New York Jets 24; Denver 31, Washington 30.
SUNDAY'S GAMES: Indianapolis 24, Buffalo 14; Cleveland 34, Cincinnati 21; Green Bay 21, Tampa Bay 7; New Orleans 14, Atlanta 9; Philadelphia 23, Dallas 21; New York Giants 27, St. Louis 7; San Francisco 29, New England 24; Kansas City 20, Los Angeles Raiders 17; Miami 27, Los Angeles Rams 31; OT: Houston 23, Minnesota 10; Seattle 24, San Diego 24.
MONDAY'S GAMES: Chicago 16, Detroit 13.

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Nissim says economic reforms hinge on NIS 490m. budget cut

By AVI TEMKIN
Post Economic Reporter

Finance Minister Moshe Nissim said yesterday that without a NIS 490 million cut in the state budget it would be impossible to carry on the Treasury's proposed economic reforms. He called on his fellow ministers and the public to accept "one more year of austerity" as an essential measure for healing the economy.

The Treasury plans are contained in a document presented yesterday to the cabinet. Under the proposed budget, the bulk of the cuts would be borne by the Defence Ministry, a total of NIS 180m. Subsidies for basic foodstuffs and public transportation would be reduced NIS 110m., the Health Ministry's allocation by NIS 40m., the Industry and Trade Ministry's by NIS 34m., Education's by NIS 30m. and Housing's by NIS 28m.

It implemented, the cuts would bring the total 1987/88 budget, by April 1, to NIS 26.2 billion. The fiscal year begins April 1.

The cuts in the subsidies would bring a 5-10 per cent increase in the prices of basic commodities and public transportation. The budget calls for the introduction of user charges for health services, progressive

education fees for parents earning above NIS 1,000 a month, increased university tuitions, fewer municipal services and higher municipal rates. It assumes there will be no wage increases during the year beyond cost-of-living increments.

In addition the Treasury hopes to implement efficiency measures in the public sector, which would mean a cut in the number of civil servants and the transfer of many government operations to the private sector. The government printer, Ta'as now part of the Finance Ministry; military industries; the Rafael weapons development authority; and the Agriculture Ministry's Volcani Institute are all prime candidates for conversion into government corporations and eventually for privatization.

The Finance Ministry also announced that it would no longer adjust the budget according to price increases. From next year on the Treasury's budget department will produce a three-year budget that will form the basis of the annual allocations.

The government's domestic deficit will total NIS 900m., including interest payments, with the estimated monetary injection coming to

NIS 350m., compared with NIS 423m. this year.

In the document it presented to the ministers, the Treasury noted that without the NIS 490m. budget cut, the government would be breaking the Bank of Israel Law, which limits the amounts the government can borrow from the central bank.

Next year's budget will include a steep 160 per cent increase from this year in the sums allocated to internal-debt repayment, to NIS 7.6b. A large part of the increase will stem from implementation of the first stage of the banks' shares arrangement in October 1987. Guaranteeing the value of the shares to holders, as the government promised after the October 1983 share market crash will cost the public coffers some NIS 1.7b.

The defence budget will come to NIS 7.4b, the level allocated for it this year before subsequent additions were made.

Welfare payments and allotments will total NIS 6.2b. compared with NIS 5.3b. in the current year. This is largely the result of increased government contributions to the National Insurance Institute, to replace the employers' contributions, which were reduced this year.

that implementation of the private but influential Maekawa report, which recommended a complete overhaul of Japan away from export-led growth and toward a domestic economy, was a government priority.

LOANS TO FERMENTA FOUND- ER. Refaat El-Sayed totalling \$105 million were cancelled by two Swedish banks yesterday following El-Sayed's resignation as Fermenta president Tuesday.

El-Sayed resigned after being forced to give up a 46 per cent stake in the biotechnology firm to the Swedish investment group Industri- varden. The latter had taken the holding as security for a loan of \$70m.

CORPORATE TAX BRACKETS (%)

	Current Rates				Proposed Rates			
	corp. tax	income tax	total tax on undistributed profits	total tax on distributed profits	corp. tax	income tax	total tax on undistributed profits	total tax on distributed profits
regular company	40	35	61	61-67	30	20	44	51
industrial company	40	3.33	45	61-67	30	20	44	51
authorized company*	10-30	—	10-30	23.5-40.5	25	—	25	36.25

Where two figures appear, the lower one is for the dividend of a company registered on the Tel Aviv Stock Exchange.
*Some of the figures depend on the percentage of outside investment

A bid to spur investment

By PINHAS LANDAU
Post Finance Reporter

WHY? Economic growth can only be achieved by individual companies investing and thus expanding their employment, production and profits. If most of these profits are taxed away from them, there is little incentive for them to invest, and if they do not grow, the economy as a whole stagnates. This has been the situation in recent years.

The object of the corporate tax reform is therefore to provide an incentive to companies to accumulate profits and invest in themselves. It should reduce their need to borrow money externally for working capital or investment. Such tax reform complements changes planned for the capital market.

HOW? The existing corporate tax system includes corporation tax, income tax, national insurance deductions and employment tax. However, these vary according to the economic sector, geographic location and source of capital.

The reform aims to start cleaning up the distortions that have been built into the system over the years and to bring the marginal rate of tax to below 40 per cent. This will be done by abolishing the distinction between industrial and other companies, so that both pay the same rate, while "authorized companies" — meaning those primarily owned by foreign investors — continue to benefit from a lower, but standardized tax rate.

The employment tax, which is paid by all firms except those considered industrial concerns, hotels, agriculture and residential construction, will be reduced from 7 to 4 per cent. The Treasury contends it should be abolished altogether, because it raises the cost of labour. But officials plead, lack of sufficient resources to end it immediately.

No changes in employer's contributions to national insurance are currently contemplated.

WHAT? The accompanying table shows that currently regular companies pay 40 per cent of their taxable income in corporation tax and 35 per cent of the remainder, that is 21 per cent of the whole in income tax (35 per cent of 60 per cent being 21 per cent). That comes to 61 per cent. Companies that are not registered on the Tel Aviv Stock Exchange but pay cash dividends to their shareholders are taxed a total of 67 per cent on distributed earnings.

Industrial companies pay only 8.33 per cent income tax, after the 40 per cent corporation tax, making a total of 45 per cent. Authorized companies — meaning those whose main shareholders are foreign citizens or corporations — pay only 10-30 per cent corporation tax, depending on the exact degree of foreign holding, and no income tax, although if they distribute cash dividends, which are taxed at 15 per cent.

The proposals are for corporation

tax to be reduced to 30 per cent for all non-authorized companies, and for income tax to be set at 20 per cent of the remainder, that is 14 per cent (20 per cent of 70 per cent is 14 per cent). That brings the total for all companies to 44 per cent. The tax on cash dividends would be 10 per cent, making the marginal rate on distributed profits 51 per cent. For non-industrial companies these new rates would represent a sharp fall, while for industrial companies the change would only be significant for distributed profits. This explains why the industrialists have said the plan has nothing in it for them.

Authorized firms would pay a flat 25 per cent corporation tax, retain their break on income tax and continue paying 15 per cent on cash dividends, giving them a marginal rate of 23.5 per cent. For those currently paying, there would be a two-year grace period in which their existing benefits would continue. After that they would pay the same rates as the others.

DEADLINE: The corporate tax reform is scheduled to take effect on January 1. The legislation would not, of course, be complete until later in the year, but it would be applied retroactively. Companies would be able to plan accordingly, once the details are approved by the cabinet — unless the Knesset introduces changes. It might do this if lobbyists for groups that feel hard done by are able to exert sufficient pressure.

Leaving the capital market alone

By PINHAS LANDAU
Post Finance Reporter

WHY? For years the government monopolized the capital market, crowding out other borrowers and soaking up all the available savings to finance its own budget deficit. The Finance Ministry's approval was necessary for any and all share and bond issues, and wasn't forthcoming when it didn't suit the government to give it. Much of this money taken in by the government was lent back to firms, through the banks, at subsidized rates of interest. This was known as "directed credit."

More stories on the budget and on economic reform appear on page 11

Thus many firms with worthwhile investment projects couldn't get financing at all, while others that had access to cheap money invested in projects that would have been found economically unjustified had they been properly costed. This misallocation of financial resources had cumulatively negative effects on the economy as a whole.

HOW? The government will not borrow more than it needs to recycle its maturing debts. If tax receipts exceed expectations (as they did this year) or if the government sells land or companies that it owns, this will serve to reduce its borrowing requirements and thus to lower interest rates.

The tax breaks available on government bond issues will be extended to non-government issues as well. The finance minister has undertaken not to use his authority to intervene in share or bond issues, except those of the banks covered by the "arrangement," or their subsidiaries. One NIS 250 million of bond issues will be allowed the commercial banks in the coming year, with the banks each deciding what to do with the proceeds. Each bank's chunk will be determined by its share of deposits in savings schemes.

The portion of savings schemes deposits that the banks must re-deposit directly with the Treasury or use to buy government bonds will be reduced from 75 to 60 per cent in index-linked schemes, and from 100 to 75 per cent in dollar-linked schemes. The rest of the money will be available to the banks to lend as they wish.

Pension funds and advanced-training funds will be brought into line with the recent change in provident funds, under which 22 per cent of their receipts are available for investment in non-government bonds, shares and other investments. This should, for the first time, allow serious competition in the pension and life insurance sector.

DEADLINE: These changes have already started over the last year, and will be introduced as quickly as possible in the course of the coming fiscal year.

EGYPTIAN PRESIDENT Hosni Mubarak said yesterday that France and other European countries will agree to rescheduling Egypt's debts.

WORLD BUSINESS IN BRIEF

Iran calls for Iraq's suspension from Opec

LONDON (Reuters). — Iran has called for Iraq's suspension from Opec for refusing to accept the decisions of the 13-nation oil group, the Iranian news agency Irna reported yesterday.

The report, received in London, also quoted a high-ranking Iranian oil official in Geneva as saying that to prevent a deadlock, Iran would not protest if Iraq received a portion

of other members' oil output quotas.

Oil ministers of states belonging to the Organization of Petroleum Exporting Countries are meeting in Geneva to agree on quotas and production cuts in a bid to push world oil prices up to \$18 a barrel. A deadlock developed after Iraq refused to accept any quota below that allocated to its Gulf War enemy Iran.

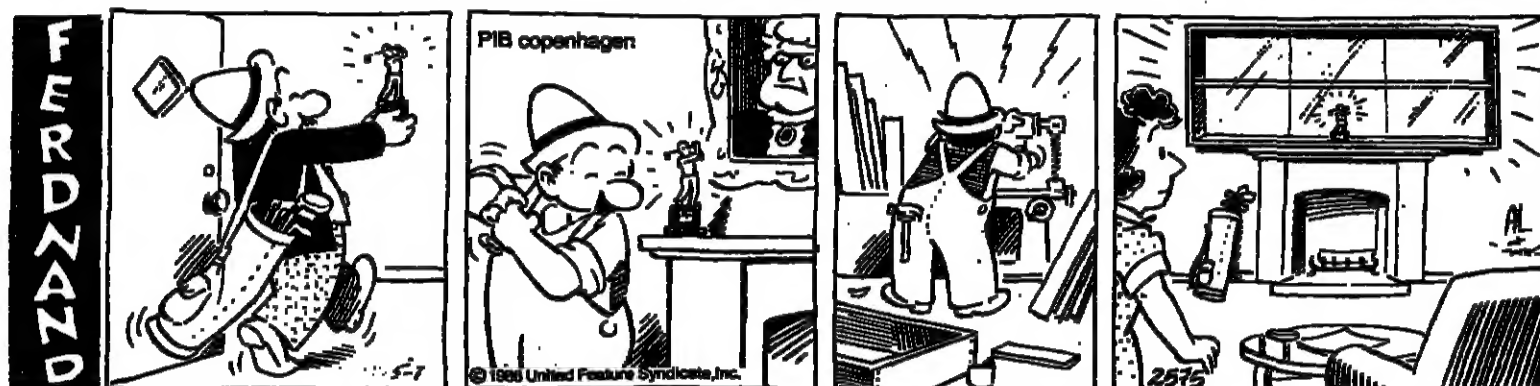
JAPAN WILL HONOUR its promise to restructure its entire economy, even at the expense of its own economic health, Prime Minister Yasuhiro Nakasone said yesterday.

Nakasone told a visiting group of European Community politicians

that implementation of the private but influential Maekawa report, which recommended a complete overhaul of Japan away from export-led growth and toward a domestic economy, was a government priority.

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CROSSWORD

- ACROSS**
- 1 Liberal payment for an unsolicited testimonial? (4,7)
 - 9 A 9-hole game of trifling significance (9)
 - 10 What fencers have to request in writing? (5)
 - 11 Keep within bounds for reasons of security (6)
 - 12 Not the only part of Britain wanting tax to come down (8)
 - 13 Heavy array of gross material (6)
 - 15 By working late hours he can rake in a lot of money (8)
 - 18 Stock reaction to panic (8)
 - 19 It is indeed ready now to go to the printers (6)
 - 21 A down-and-out in a state of exhaustion (4,4)
 - 23 Strong drink that is still produced in Italy (6)
 - 26 Board activity in which 32 men take part (5)
 - 27 Church dignitaries making news? (9)
 - 28 Fail to get the application off in time to secure the appointment? (4,3,4)
- DOWN**
- 1 When British Rail butts in I feel strangely feverish (7)
 - 2 Serious disease that goes against the grain (5)
 - 3 The role of the private coach? (8)
 - 4 Lazy creep gets block knocked off! (4)
 - 5 New crusades for old vehicles (4,4)
 - 6 Aromatic little workaholic (5)
 - 7 One who has been privately told he won't be found out? (7)
 - 8 Not a practical man, as Houdini was (8)
 - 14 Unusually hard year for a Welsh watering-place (8)
 - 16 Exposed to danger, like the sub-pan (5,4)
 - 17 What building societies must make to keep up with modern technology? (8)
 - 18 A cocktail designed for the fellow-traveller (7)
 - 20 A group that's no longer determined to reach its objective? (4,3)
 - 22 Slatternly female employed as a sweeper (6)
 - 24 Madrid's finest picture-house (5)
 - 25 Pluck from the road in icy weather? (4)

SCRIBBLE PAD

2 down: Almost bizarre but it's worth while.
Answer: The Jerusalem Post Hanukka Toy Fund Bazaar, December 22, Ramada Renaissance, Jerusalem.

Yesterday's Solution

ACROSS: 1. Puke, 3. District, 9. Wince, 10. Trampole, 11. Raw, 13. Facsimile, 14. Prince, 16. Aghast, 18. Attribute, 20. Err, 22. Flowing, 23. Vital, 25. Litigate, 26. Apex. DOWN: 1. Power, 2. Kin, 4. Intact, 5. Thawing, 6. Implicate, 7. Theatrical, 8. Serf, 12. Wasteful, 14. Playful, 15. Ceiling, 17. Nugget, 19. Envy, 21. Relax, 24. Tip.

QUICK CROSSWORD

- ACROSS**
- 7 Pure
 - 8 About
 - 10 View
 - 11 Become liable for
 - 12 English composer
 - 13 Pick-me-up
 - 17 Cornfield flower
 - 18 Sharpen
 - 22 Muffler
 - 23 Refuge
 - 24 Whole
 - 25 Unfruitful
- DOWN**
- 1 Pupil
 - 2 Long-suffering
 - 3 Sedate
 - 4 Treeless plain
 - 5 Blockhead
 - 6 Worship
 - 9 Bring about
 - 14 Festive blaze
 - 15 Backdoor
 - 16 Deportment
 - 19 Awry
 - 20 Spiteful
 - 21 Evergreen conifer

GENERAL ASSISTANCE

EMERGENCY PHARMACIES
Jerusalem: Central Bus Station, 234 Yaffo, 520190; Baitam, Salah Eddin, 272215; Shu'afat, Shu'afat Road, 810108; Dar Aladwa, Herod's Gate, 282088.
Tel Aviv: Brit, 28 King George, 283731; Benny, 174 Dizengoff, 222385; Netanyah: Kupat Holim Leumi, 8 Smilansky, 39053.
Haifa: Hanassi, 33 Hanassi, 333312.

DUTY HOSPITALS

Jerusalem: Bikur Holim (pediatrics), Sheara Zedek (internal, obstetrics), Hadassah Ein Karem (surgery, orthopedics, ophthalmology, E.N.T.).
Tel Aviv: Rolah (pediatrics), Ichilov (internal, surgery).
Netanyah: Laniado

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Beersheva 22333 Kiryat Shmona 44334
Bat Yam 521111 Netanyah 23333
Beersheva 74787 Netanyah 23333
Carmiel 388555 Rehovot 451333
Dor Region 781111 Petah Tikva 923111
Eilat 72333 Rishon LeZion 942333
Haifa 612233 Safed 30333
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Jerusalem Institute for Drug Problems. Tel. 653828, 663902, 14 Bethlehem Rd.
The National Poison Control Centre at Ramat Hashikma, phone (04) 529205, for emergency calls, 24 hours a day, for information in case of poisoning.
Kupat Holim Information Centre Tel. 03-433300, 433500 Sunday-Thursday, 8 a.m. to 8 p.m. Friday 8 a.m. to 3 p.m.

FLIGHTS

24-Hours Flight Information Service: Call 03-9712484 (multi-line). Arrivals Only (Tapad Message) 03-381111 (20 lines)

A visit to the museum is educational. But kids enjoy it anyway.

Putting order, equality into the money markets

By PINHAS LANDAU
Post Finance Reporter

WHY? The cost of borrowing varies wildly according to who and what you are, while the central bank's monetary policy has applied to only a small portion of total credit — the 10 per cent or so that comprises "free" shekels. "Directed credit," in both shekels and foreign currencies, and "free" foreign-currency loans have been strictly limited by ceilings or by the authorizations needed to obtain access to them.

The reform in this sector mirrors that in the tax system. Interest rates in most areas will be lowered while the base to which policy applies will be significantly broadened.

HOW? The aim is to equalize the interest rates charged by foreign lenders, which are very low by Israeli standards, and by Israeli banks to firms eligible for directed credit, which are even lower, with the much higher rates charged in Israel for free credit in foreign or local currency. The government wants to do this by introducing a levy on the cheap rates. "This measure is not designed to boost revenues, although it would of course bring in extra money, but is a monetary tool to eliminate the distortions caused by different people borrowing from different sources at different rates."

Under the Treasury plan, all forms of borrowing would be brought under the purview of the Bank of Israel's monetary policy. Export finance of some sorts would retain its advantage by having the levy imposed on it refunded to the

Yes, but can you deposit frozen shekels

BUENOS AIRES (Reuters). — Argentina last week became the first country in the world to open a bank in Antarctica, the local news agency Diarios y Noticias reported.

Officials of the state-owned with the lengthy name of Bank of the National Territory of Tierra del Fuego, Antarctica and South Atlantic Islands flew to the Argentine-claimed sector of the frozen continent to open the branch at Argentina's Esperanza military base.

"The opening of the new branch office constitutes an act of reaffirmation of our rights, as well as allowing us to fulfill the need to increase civilian presence in Antarctica," said Bank Director Mario Gimenez Leon. Argentina claims a large slice of Antarctica.

Countdown to Hanukka. Only 9 days to go. Send your contribution NOW!



WORLD BANK PUBLICATIONS

Dollar GNPs of the U.S.S.R. and Eastern Europe
Paul Marer

This book documents the findings of an important research project to assess alternative methods of computing the dollar GNPs and growth rates of centrally planned economies (CPEs). CPEs have not heretofore been adequately represented in international comparisons, especially in relation to dollar GNPs and growth rates, although these countries account for a significant share of the world's production. Defines the best among known methods that can be applied to CPEs as a group and makes use of available data. Concludes that adequate GNP data in national currencies can be derived for most CPEs by adjusting official information known to country experts. Identifies conversion rates based on purchasing-power parity information as the best method generally applicable to CPEs for converting such GNP data from local currencies into dollars. Focuses on the U.S.S.R., Bulgaria, Cuba, Czechoslovakia, the German Democratic Republic, Hungary, Poland, and Romania. 256 pages. NIS 47.00

Urban Transport
The unprecedented growth in demand for transport and increases in the costs of energy and construction have exacerbated urban transport problems in the past decade. Such changes have prompted a fresh look at urban transport and its effects on the economic efficiency of cities and the well-being of urban residents. This study sets out the current views of the World Bank on urban transport. 80 pages. NIS 12.55

To: BOOKS, The Jerusalem Post, P.O.B. 81, Jerusalem 91000. Please send me the book(s) indicated below. I enclosed a cheque for the appropriate amount.

- ☐ Dollar GNPs of the U.S.S.R. and Eastern Europe
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המזכיר הכללי

Leaving the capital market alone

ECONOMIC NEWS/THE BUDGET

Histadrut economist slams reform Wage-earners will be harmed

By MICHAEL YUDELMAN
Lower- and middle-income earners, who form the bulk of Israel's population, will be harmed by the proposed economic programme, says the director of the Histadrut's Economic and Social Research Institute, Nira Shamai, told *The Jerusalem Post* yesterday.

Shamai stressed that her figures were not conclusive, since the programme has not yet been revealed in full to the Histadrut. However, the data she received enabled her to conduct an analysis of the trends and implications of the programme.

The programme is regressive — rather than progressive — in that upper-income groups will benefit more than those earning less, Shamai contended. For example, many of the benefits received by middle- and lower-income groups will be taxed, if the economic programme is approved, she noted.

The tax relief promised in the Treasury's tax reform programme would be more than erased by the additional tax burden coming with the abolishment of a wide range of tax exemptions used by middle- and low-wage earners, Shamai said.

While supporting tax reform, Shamai said the social implications of any changes must be considered.

something Treasury economists evidently overlooked. Shamai said examination of the programme's effect on the average wage earner with four dependents found that those earning a gross income of NIS 2,000 to NIS 3,000 a month would lose up to 8 per cent of their net income, while an unmarried working mother would lose about 9 per cent.

But that does not tell the full story, Shamai said, because in fact the average three-child family would suffer the most under the Treasury programme. It would have to pay additional fees for health, welfare and education. Much of the income it now receives for such things as meals at work and National Insurance Institute payments for disabled relatives will lose their tax-exempt status. Moreover, there is no plan to compensate families of this size, although those with more children might be, Shamai added.

Other benefits given average wage-earners, such as advanced training fund payments made by employers, shift work and child allowance as well as subsidized meals at work, will all be taxed under the Treasury programme.

Those earning a gross income of more than NIS 3,000 will come out

ahead, Shamai maintains. People earning NIS 5,000 to NIS 8,000 will net 5 per cent more, while those earning over NIS 8,000 will see their take-home pay increase 12 per cent.

Economist Shamai warns that if the Treasury proposal is implemented it will lead to widespread frustration in the work place and labour strife. Productivity will not rise, as the government hopes, if tax benefits to shift workers in the industrial sector are cancelled.

Not only will workers fail to benefit but neither will business, Shamai contended. The programme fails to encourage or support the export sector but, on the contrary, proposes to grant the same tax benefits that it does to industry to the service sector. "No wonder the manufacturers and exporters are against the programme," she said.

This also means that unemployment is not dealt with, nor is creating more employment or increasing productivity.

Comparing the Treasury proposals with the tax-reform legislation approved in the U.S. is wrong, Shamai said. The American plan is progressive, cancelling tax exemptions and tax shelters for high-income earners, and including a tax on capital

Next on agenda: Sell off state companies

By AVI TEMKIN
Once the cabinet and Knesset approve the Treasury's proposal for tax and capital market reform, it intends to go ahead with a wide-ranging plan to sell off state-owned enterprises to private investors and transfer to the private sector the right to import raw materials.

Under the current Treasury plans, the government would establish holding companies to control state-owned corporations. These companies would then begin selling shares in their corporations on the Tel Aviv Stock Exchange. Revenue from the sales would serve to finance part of the government's commitment to compensate holders of bank shares under the "arrangement" scheme worked out in the aftermath of the October 1983 share market crash.

The first state enterprises to take part in the privatization scheme include Israel Chemicals Ltd., Bezek, Israel Electric Corp., the Haifa Oil Refineries Ltd. and Shekem. The net worth of these corporations is estimated at between NIS 7.5 billion and NIS 9b.

The government would also transfer to private hands the import of soy beans, frozen meat and other commodities, under the Treasury plan. The government would limit its role to supervising standards and quality.

The Treasury's proposal also includes a shake-up of the energy sector.

U.S. trade delegation extending Israel stay

By KEN SCHACHTER
for the Jerusalem Post
TEL AVIV. — A trade delegation from New York State has received so many inquiries from Israeli companies that it is extending its stay here for two days, the group's leader said Wednesday.

Herbert Wagner, chief of trade development for the New York State Department of Commerce, said that originally his group was to depart Tel Aviv after a three-day programme ending today, followed by two days, Sunday and Monday, in Haifa. But Wagner said the response has been so heavy that he will return to Tel Aviv next Tuesday and Wednesday.

"I had one company that said, 'We don't know what to do, there are so many companies that want to represent us,'" Wagner said.

The trade mission, in which 18 companies are represented, is being held at the U.S. Embassy in Tel Aviv and at the Chamber of Commerce and Industry in Haifa. Wagner said some of the U.S. manufacturers produced videos, which allow prospective Israeli representatives to see their facilities.

"It's almost like a visit to the plant," Wagner said.

Wagner said U.S. exporters have benefited from the decline in the dollar against European currencies. This has given U.S. manufacturers an edge when competing for an export market like Israel's, he said.

FINANCIAL DATA: ISRAEL, EUROPE, U.S.

ISRAEL MONEY MARKETS

SHEKEL INTEREST RATES
PRIME BORROWING RATE: 1.58% per month
Unlinked Deposit (Annual Rates)

	Last Updated	Tapas	Pakam 7-Day	Pakam 30-Day
LEUMI	17.12	7-16.75%	8-18.00%	8-18.75%
HAPOLIM	15.12	7-16.00%	8-16.50%	12-18.75%
DISCOUNT	17.12	7-16.00%	8-16.20%	14-18.50%
MIZRAHI	1.12	8-17%	8-17.50%	6-18.50%
FIRST INT'L	11.11	10-16%	11-17.20%	13-19.50%

Rates vary according to size of deposit.
(Tapas: demand deposit paying daily interest.
Pakam: fixed-term deposit available from 7 to 58 days.)

PATAH — FOREIGN CURRENCY DEPOSIT RATES (December 17)

	MINIMUM DEP	3-MONTHS	6-MONTHS	12-MONTHS
USD (\$100,000)	5.500	5.375	5.500	5.500
STG (100,000 pounds)	9.825	9.625	9.750	9.750
DMK (100,000 marks)	3.875	3.875	3.875	3.875
SFR (100,000 francs)	1.250	1.250	1.250	1.250
YEN (3,000,000 yen)	2.875	2.875	2.875	2.875

Rates vary according to size of deposit and are subject to change.

SHEKEL FOREIGN EXCHANGE RATES (December 17)

	CHEQUES AND TRANSFERS	BANKNOTES	Rep Rates
	Buy Sell	Buy Sell	
Currency basket	1 1.4880 1.5070	1 1.45 1.4840	1.4964
U.S.A. Dollar	1 1.4887 1.5043	1 1.45 1.4840	1.4964
Deutsche Mark	1 0.7372 0.7404	1 0.72 0.75	0.7411
Pound Sterling	1 2.1240 2.1505	2.07 2.17	2.1379
French Franc	1 0.2251 0.2279	0.22 0.23	0.2264
Japanese Yen	100 0.0090 0.0093	0.89 0.93	0.9125
Dutch Florin	1 0.0518 0.0521	0.64 0.67	0.6555
Swiss Franc	1 0.8739 0.8849	0.85 0.89	0.8782
Norwegian Krone	1 0.2137 0.2164	0.21 0.22	0.2148
Denish Krone	1 0.1982 0.1987	0.19 0.20	0.1973
Belgian Franc	1 0.1980 0.1975	0.19 0.20	0.1960
Finland Mark	1 0.3010 0.3047	0.29 0.31	0.3027
Canadian Dollar	1 0.7074 0.7098	1.05 1.10	1.0836
Australian Dollar	1 0.9802 0.9826	0.93 1.02	0.9936
S. African Rand	1 0.6826 0.6709	0.43 0.52	0.6667
Israeli Sheqel	1 0.3516 0.3550	0.34 0.36	0.3528
Austrian Shilling	10 1.0474 1.0606	1.02 1.07	1.0528
Italian Lira	1000 1.0531 1.0764	1.03 1.08	1.0696
Jordanian Dinar	1 — — —	4.07 4.33	4.7832
Egyptian Pound	1 — — —	0.74 0.79	0.7768
	1 1.5955 1.5847	— — —	1.5444

SUPPLIED BY BANK LEUMI

EUROPEAN FINANCIAL MARKETS

(December 17)

PRECIOUS METALS

GOLD:	LONDON A.M. FIX	393.40	P.M. FIX	392.00
	PARIS NOON FIX	391.80	ZURICH P.M.	392.45
SILVER:	LONDON FIX	537.00		
PLATINUM:	LONDON P.M.	483.60		
PALLADIUM:	LONDON P.M.	117.40		

FOREIGN CURRENCY CROSS RATES (London 15.30GMT)

Forward Rates (December 17)

	SPOT	2 MTHS	3 MTHS	6 MTHS
DEUTSCHMARK	2.0170/85	120/118	180/178	365/362
POUND STERLING	1.4300/10	52/50	84/78	175/165
SWISS FRANC	1.7015/25	52/50	72/70	137/132
JAPANESE YEN	163.80/90	52/50	540/570	978/1025
FRENCH FRANC	6.5045/70	950/1050	1450/1550	2900/3050
ITALIAN LIRA	1396.50/45	97	118	42/34
DUTCH GILDEN	41.980/975	6/5	12/15	28/33
DANISH KRONER	7.5225/50	350/400	570/620	1275/1375
SAFARIAN RAND	0.4462/57	30/23	40/33	80/70
EUROPEAN C.M.R. UNIT	1.0322/32	24/21	37/33	79/72
FINNISH MARK	4.9330/50	550/570	800/850	1625/1725
AUSTRALIAN DOLLAR	0.6844/48	86/83	123/118	213/207
NORWEGIAN KRONER	7.5940/70	1080/1120	1630/1710	3340/3400

Formula for determining forward rates:
high/low (eg. 220/210) — deduct from spot price.
low/high (eg. 210/220) — add to spot price.

NEW YORK FINANCIAL MARKETS

U.S. MONEY RATES (December 17)

Prime rate 7.50%; Broker Loan 7.50-8.00%; NY Euros 3 months 6 1/4-7 1/4%; Fed Funds late UA

NEW YORK FOREIGN EXCHANGE

	DMK	SFR	STG	YEN	CAN
CLOSING	2.0205/15	1.7074/85	1.4300/10	164.00/05	1.3785/89
OPENING	2.0150/50	1.7008/18	1.4298/98	163.53/53	1.3767/69
LATEST	2.0155/55	1.7020/20	1.4290/95	163.55/55	1.3790/93

Comment
The dollar eased slightly in thin and quiet trading yesterday but gained in the upper end of the day's narrow range. Analysts said book-shuffling ahead of year-end and short considerations undermined the dollar. A downward revision in third-quarter U.S. GNP to 2.8 from 2.9 per cent was in line with expectations and had only a fleeting impact.

ISRAELI STOCKS

TRADED IN NEW YORK:

NYSE AND ASE

	Last	Prev. Close	High	Low	Vol ('00s)
Alliance	16 1/2	16 1/4	16 1/2	16 1/4	28
Am. Int. Pap.	1 1/4	1 1/4	1 1/4	1 1/4	53
Am. Int. Tel.	1 1/4	1 1/4	1 1/4	1 1/4	791
Elscint	8 1/4	8 1/4	8 1/4	8 1/4	3
Etz Leved	12	12 1/4	12 1/4	12 1/4	138
Leumi Inds.	12	12 1/4	12 1/4	12 1/4	138

	last	bid	ask	last	bid	ask
Aryt	—	6 1/4	6 1/2	—	4	4 1/4
Bank Leumi	—	2 1/4	2 1/2	Interpharm	—	3 1/4
Elbit	—	7 1/4	7 1/2	Orotach	—	3 1/4
ECI Tel.	2 1/4	2 1/4	2 1/2	Rada	—	3 1/4
Elron	5 1/4	5 1/4	5 1/2	Scitex	—	3 1/4
Elscint	8 1/4	8 1/4	8 1/2	Taro-Ver	—	2 1/4
IDB Bank	—	48	52	Teva-pharm	—	6 1/4
IIS	—	2 1/4	2 1/2	SPI	—	2 1/4

WALL STREET Closing Prices

	Dow Jones Indices	NYSE Highest Volume
IND	1,918.31 -17.85	ATT 27 1/2 + 1/4
TRANS	829.58 -3.75	LEAR-SIEG 89 1/2 + 1/4
UTILS	216.07 -1.73	US XCP 22 1/2 + 1/4
SECTORS	750.03 -5.88	ANHEUSER 28 1/2 - 1/4
NYSE COMP	141.56 -1.31	PAN AM COR 4 1/2 - 1/4
NYSE INDS	182.97 -1.58	TRANSWAL 34 1/2 - 1/4
S-P 100 INDEX	236.51 -2.28	BRITISH GA 9 1/2 UNCH
S-P COMPOSITE	247.58 -2.48	INTERPHARM 4 1/2 - 1/4
AMEX INDEX	262.47 -1.30	GEN MOTORS 67 1/2 - 1/4
		PEOPLES EGY 22 1/2 - 1/2

Statistics
NYSE VOL. 149,239,560 STOCKS UP 477 DOWN 1,152
NASDAQ VOL. 114,322,800 (Dec. 18) STOCKS UP 1,002 DOWN 1,143

Comment
Wall Street stock prices closed lower yesterday as investors took a cautious stance ahead of Friday's expiration of stock index futures, index options and individual stock options. Various arbitrage related sell programmes pounded the market throughout the day.

OVERSEAS FINANCIAL DATA

PROVIDED BY REUTERS MONITOR

TAX REFORM

(Continued from Page One)

that whatever revenue is lost by reducing tax rates and raising the threshold of each bracket must be recouped by abolishing existing tax breaks and partial or total exemptions. These currently include government transfer payments, such as children's allowances, widows' and old-age pensions, disability pensions, reductions for residents in development towns, those working in second and third-shift jobs, demobilized and others.

There will be some groups, although not many, according to the finance minister, who will be made worse off by the reform. These are people who currently benefit from several exemptions or reductions simultaneously — such as development town workers employed on a second shift. But the Treasury intends to offset most of the impact on lower-income groups by raising transfer payments to those who would otherwise lose by having their pensions and allowances included in their taxable income. For instance, child allowances for families with four or more children will be increased.

If the government wishes to encourage specific groups or sectors to achieve specific goals, this will henceforth be done by direct grants from the budget and not through the tax system.

What are the details of the proposed reforms?

The lowest tax bracket will henceforth be 15 per cent, from the threshold to the NIS 1,000 mark, and then rise 10 per cent on each NIS 500 increment to earnings, reaching a top rate of 45 per cent for any amount above NIS 2,000. At present, the 45 per cent mark is reached at NIS 1,761, and the topmost level of 60 per cent begins at NIS 3,180. All earnings will therefore be liable

for less income tax.

Unearned income from interest on bonds and savings schemes issued after the reform becomes effective will be taxed at source at a fixed and final rate. Capital gains on the stock market or elsewhere will be untaxed; the possibility of a turnover tax on stock exchange transactions was raised and discussed, but no decision was reached, according to Nissim.

The finance minister reiterated his commitment not to tax "in any way, shape or form" existing financial assets.

VAT will remain unchanged, but most of those liable to pay will revert shortly to a bi-monthly payment system, instead of the monthly payment introduced when inflation was in double figures every month.

The import surcharge of 15 per cent no longer has any fiscal value, says the Treasury, and it will be phased out between January 1, 1987, and January 1, 1988, by dropping 3 per cent every quarter.

Import and customs duties will fall on January 1, 1987, in line with the free trade agreements with the EEC and the U.S.

Purchase taxes will be reorganized into five bands of 10, 20, 30, 45 and 65 per cent, with very few goods not slotted into one of these groups. Some goods will go down in price as a result, others will rise, and the net expected impact is to increase revenues by NIS 60m.

Travel taxes will also be reorganized. The travel tax itself will increase to NIS 250 and will be fixed at that level, instead of changing every month. The 20 per cent levy on airline tickets will be abolished and the double tax on the purchase of foreign tourist services from Israel will be reduced from 30 per cent to a 15 per cent service tax and a 1 per cent levy for the foreign currency involved.

HISTADRUT

(Continued from Page One)

one would not be implemented without the Histadrut and manufacturers' consent. It was hard enough to pass the previous economic programme, during a period of economic crisis and emergency. Now, he said, there is no emergency.

"We've decided to fight the programme, but we'll give the government a chance to negotiate with us. Until the Knesset approves the programme, it is not valid."

Histadrut Trade Union Department Chairman Haim Haberfeld said at the meeting that he doubted a coherent economic programme existed. The government made no attempt to discuss reform proposals with the labour federation, even though the Histadrut has called "to discuss everything," he said.

Haberfeld said the trade unions rejected the programme out of hand. The unions will not give up work agreements and have decided to take steps against the programme if the government approves it. "If the government does not retract the programme, the Trade Union Department, the labour unions and the labour councils together will not let the programme pass," Haberfeld said.

A Labour Party representative in the Histadrut, Amram Lok, said the economic programme opposed the

vital interests of the working public. Other speakers expressed amazement at Labour ministers' "mumbly" about the programme, instead of taking a firm stand against it. Labour's Shadia Marziano called Nissim a "social criminal" and blasted the economic programme, which, he said, would harm residents of development towns, disabled army veterans, pensioners and large families.

Ya'acov Shamai, leader of the Histadrut's Likud faction said the reforms would harm lower- and middle-income earners while benefiting the upper ones. Some 400,000 wage low income earners will have to pay more tax due to the cancellations of exemptions.

The speakers listed the proposed tax on meals at work and National Insurance exemptions on treatment of the handicapped and old age pensions, all of which would reduce the take-home pay of wage earners. The young guard of the Labour Party yesterday rejected the economic programme as it was presented by the finance minister, and branded it as anti-social and harmful to all wage-earners, especially those in low-income groups.

The young guard called on Labour ministers to support the Histadrut's fight against the programme, even if it leads to a crisis in the national unity government.

MERGER. — Texas Commerce Bank shares is to merge with Chemical New York Corp. creating the fifth-largest U.S. banking company with assets of \$75 billion.

Investment adviser Morgan Stanley and Co. valued the deal at \$1.19b.

Tel Aviv Stock Exchange

MARKET STATISTICS

MARKET STATISTICS

Indices:		
General Share Index	124.41	+0.06%
Non-Bank Index	161.64	-0.46%
Arrangement	108.67	+0.35%
Insurance	180.30	-1.59%
Commerce, Services	198.20	+0.07%
Real Estate	186.65	-0.73%
Industrials	144.80	-0.54%
Textiles	205.48	-0.55%
Metals	161.10	-0.35%
Electronics	99.52	+0.01%
Chemicals	134.91	-0.79%
Industrial Invest.	140.51	-0.18%
Investment Cos.	164.65	-0.14%
General Bond Index	117.05	+0.30%
Index-linked Bonds	118.77	-0.27%
Fully-linked	120.72	UC
Partially-linked	117.67	-0.25%
Dollar-linked Bonds	95.25	-0.28%
Short-term 0-2 yrs	114.53	-0.42%
Medium-term 2-5 yrs	115.27	+0.17%
Long-term 5+ yrs	111.00	+0.38%

Turnovers:		
Shares — total	NIS 8,876,500	
Arrangement	NIS 3,289,100	
Non-bank	NIS 5,607,400	
Bonds — total	NIS 9,740,300	
Index-linked	NIS 7,515,500	
Dollar-linked	NIS 2,224,800	
Treasury Bills	NIS 10,911,500	

Share Movements:		
Advances	89 (204)	
of which 5%+	11 (22)	
"buyers only"	0 (1)	
Declines	168 (170)	
of which 5%+	20 (7)	
"sellers only"	0 (0)	
Unchanged	126 (123)	
Trading flat	35 (22)	

Bond Market Trends:		
Index-linked:		
3% fully-linked	Rises to 1% falls to 0.5%	

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Ineluctable conflict

IN THIS COUNTRY, the Knesset piously resolved on Tuesday, marriages – of Jews, that is – are contracted according to the Rabbinical Courts Law.

So what else is new? Puzzlement over the resolution is, however, lessened when the context of the debate that occasioned it is duly considered. Agudat Yisrael's Rabbi Menahem Porush had asked the Knesset – for what urgent reason it is hard to tell – that it take an official dim view of the "anti-religious" private marriage contracts, based on the civil law, routinely arranged by the Civil Rights Movement's Shulamit Aloni in her capacity as an attorney. That was a little more than the government coalition was willing to do for an ultra-Orthodox party that, while usually supportive of the government as formal coalition members, spurns membership in it.

The formula devised in response to Rabbi Porush's bid was acceptable to the religious parties represented in the government, since it reiterated a fundamental commitment to rabbinical control of Jewish marriage and divorce in this land. At the same time it broadly hinted at the reasons that drive some Jewish couples to MK Aloni's doorstep.

Thus the Knesset went on record as being cognizant of the fact that there are cases and problems in matters of personal status the solution of which is in present circumstances – meaning under present halachic interpretations – difficult and complex. And parliament called upon the rabbinical "institutions" to make every possible effort to find appropriate solutions in such cases.

A milder rebuke for the rabbinical establishment could hardly have been administered, but a rebuke it was, for all that.

The trouble is that implied criticism of this sort falls on deaf ears because it is never accompanied by an even implied warning that, unless the clerical profession mends its ways, corrective action will have to be taken by the legislature. The prospect of rabbinical courts reform from within is close to nil: the voice of a maverick rabbi, like Labour deputy Menachem Hacohen's is crying in a wilderness of Talmudic rigidity. To most rabbis and dayanim the present situation is unsatisfactory only in that it fails to bring larger areas of life under the rule of Halacha.

A damning indictment of the rabbinical courts was recently offered by their very former administrator, Rabbi Simha Meron. In an interview with a Post reporter Rabbi Meron testified that, in his experience, most dayanim do not know what it means to serve the public and that many of them cannot be relied upon to conduct themselves as befits salaried officials.

Such attitudes, however, stem not so much from indifference to the public's welfare as from a profoundly reactionary ideology. What the preponderantly ultra-Orthodox dayanim view as their highest duty is not to solve marital problems but to complicate them beyond solution for a Jewish population whose customs they do not share and whose mentality they do not begin to understand. To earn the esteem of his colleagues a dayan must not show sympathy but pile restriction upon prohibition, and the greatest "achievement" of the rabbinical courts is the zealous guarding of impregnable "black lists" of "unmarriageable" Jews.

In rebuttal of such criticism Israel's clerics explain that they are but the slaves of Halacha, and are not at liberty to twist God's word to suit passing secular fads. But this is only half truth. The Orthodoxy that presides over the proceedings of the rabbinical courts today dates back only to the Hatam Sofer's ban on "innovation" two centuries ago. Were it not for the fear of seeming to give way to mere common sense and modernity, surnames such as Cohen would by now have been relieved of their ancient priestly connotation and their bearers would have become eligible, like all other Jews, to marry divorcees.

It is quite obvious, however, that certain halachic concepts which disturb the secular mind are too deeply embedded to be alterable even by a "liberal" latter-day Sanhedrin. A man takes a woman for a wife, and a husband writes his wife a bill of divorce: the legal equality of the sexes is truly alien to the spirit of Halacha.

Since such equality is fully recognized in Israel's civil law, it spells ineluctable conflict. That alone is why the Rabbinical Courts Law cannot be viewed as the last word on the subject of marital relations among Jews in Israel.

NEWERA

(Continued from Page One)
 Nissim stressed that the NIS 490m. budget cut was a precondition for implementing the reform. He said that without the cut there would be no room for reducing government borrowing in the capital market, nor for reducing tax rates.

According to the Treasury, the reforms will stimulate a growth rate of 4 per cent next year, an improvement of \$500m. in the balance of payments and a lower rate of inflation.

The Treasury's plan calls for drastic reductions in income tax rates, with the highest tax bracket set at 45 per cent instead of 60 per cent. The corporate tax rate will go down to 44 per cent and the employer's tax will go down from 7 to 4 per cent. The Treasury will gradually eliminate the 15 per cent compulsory deposits on consumer durables. Starting January 1, the deposit rate will be reduced by 3 percentage points every three months.

Travel tax will go up from NIS 210 to NIS 250, but will not be adjusted each time the Consumer Price Index goes up. The 20 per cent levy on the price of tickets will be abolished. The tax on ground services abroad will be reduced from 30 to 15 per cent.

The Treasury will go ahead with the planned reductions in customs levies due January 1. The purchase tax system will be simplified, and purchase taxes will be limited to 5 main categories, of 10, 20, 30, 45, and 65 per cent.

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Sensibilities and sense

Allan E. Shapiro

WHEN THE Film and Theatre Censorship Board banned the movie *The Passover Plot*, based on a book by British author Hugh Schonfeld, which suggested that Jesus did not die on the cross, the chairman, Yehoshua Justman, explained that the film was offensive to a part of the population. If we had to act in a case in which the basis of Jewish faith was attacked in the same basic way he added, we would certainly ban it.

True to his word, Justman vigorously championed the banning of the play, *The Last Secular Jew*. While the board finally adopted a more moderate attitude, cutting some supposedly offensive scenes or lines, the controversy generated by the initial banning shows no signs of abating.

Education and Culture Minister Yitzhak Navon has joined the call for abolishing the censorship of plays because "the Israeli public is mature enough to judge what it wants to see on the stage."

Apparently, however, Navon does not think the Israeli public is mature enough to judge what it wants to see on the screen. In making this distinction between the two media, Navon was following the recommendation made by one of his predecessors, the late Yigal Allon, after the banning in 1972 of Amos Kenan's play, *Friends Tell About Jesus*, as being offensive to religious sensibilities. He was also following the demand of the Playwrights' Association, whose opposition to censorship appears to be limited to their immediate area of professional concern.

Why the distinction between plays and films? Is there some unarticulated assumption that a correlation exists between the maturity of the audience and the price of admission?

ISRAELI COURTS have, on occasion, held that the line between the permitted and the prohibited in censorship cases should be fixed according to the "enlightened views current in contemporary society." Of late, it seems that there is some difficulty in determining just what the enlight-

ened views are. But whatever they are, Navon apparently prefers to look for them in the live theatre rather than in the cinema.

For their part, the censors have their preferences about where to seek enlightenment. After all, the charge against *The Last Secular Jew*, that it is calculated to offend religious sensibilities, would, if true, make it liable to penalties under the criminal law.

If so, why the insistence that the determination be made by an administrative board, rather than by a court of law on the basis of the regular procedures for offences against the law?

Evidently there is less faith that the Ministry of Justice would find it in the public interest to take action than would the Interior Ministry's censorship board. It may very well be that the professional norms of the Justice Ministry's lawyers make them less responsive to the vague standards of the censors than are the appointed members of an administrative tribunal, purportedly chosen as representatives of the public.

The true danger of the Censorship Board might be that it represents the public all too well. In a television interview in which he defended the original decision to ban *The Last Secular Jew*, Justman attacked the play for diverging from the national consensus. The notion that the national consensus sets the limits of freedom of expression is the most disturbing aspect of the current controversy.

Censorship by administrative ban is a form of prior restraint on expression. It shuts people's mouths, rather than punishing them for what they have said after they have said it. Ordinarily, it should be invoked only where the damage that might be caused by the prohibited expression is grave and irreparable.

AT PRESENT, it is Interior Minister Yitzhak Peretz who appoints the members of the Censorship Board. While putting in a spirited defence of the current censorship arrangements, he has not specified what damage could result from permitting the criminal law, so illiberally permeated with restrictions against offensive expression, from taking its normal course.

Perhaps he likens religiously offensive theatrical performances to desecration of the Sabbath. In that case, censorship could be a way of preventing traffic accidents, according to his view.

More likely, however, he prefers that when a censorship change is subjected to judicial review, it comes before the court with the backing of a prior decision by an administrative agency, acting on the basis of statutory authority that makes the Censorship Board's determination definitive in the ordinary case.

As an ultra-Orthodox rabbi, Peretz is a member of a guild with a long history of support for censorship. In the famous case of the banning of Rossellini's *The Miracle* in New York in 1952 (a ban that was revoked by the U.S. Supreme Court in a landmark decision), the New York Censors acted after a statement by Francis Cardinal Spellman condemning the movie as offensive to the faith was read at all Sunday masses in New York's St. Patrick's Cathedral.

"In the long run, what Cardinal Spellman will have succeeded in doing," wrote Catholic poet Allen Tate, "is insulting the intelligence and faith of American Catholics with the assumption that a second-rate motion picture could in any way undermine their morals or shake their faith."

With appropriate changes, that dramatic satirist, Theodor Herzl, better known for other forms of literary expression, would be in full agreement.

The writer is a political scientist.

The need for supervision

David M. Ricci

IN HIS ARTICLE entitled "Iran scandal – only happens in America" (*The Jerusalem Post*, December 5), Yosef Goell claimed that lack of success, heightened greatly by media coverage, is the main cause of the gun-running scandal that surrounds Ronald Reagan and his senior foreign policy advisers in Washington today.

If the arms sales to Iran had achieved their aims, he argued, the Reagan administration's legal aberration would have been "forgotten and forgiven."

Here is an argument that may appeal to Israelis who are accustomed to hearing their leaders remark, as in the Shin Bet affair, that heaving to the law in national security affairs can be intolerably inconvenient or, as Goell puts it, an "exaggerated application of the democratic principle of government." In fact, however, the president and his men are in trouble because they stand accused, no more or less, of breaking laws that symbolize America's determination to live as a free society and, in particular, forbid the White House to override a national consensus and send weapons to Iran.

In other words, the rule of law is at stake. Whether arming Iran succeeded or failed is quite unrelated to the charges because, even if shipping guns had persuaded the Hizbullah to free their hostages, such deals would be interpreted by them and other terrorists as an incentive to kidnap more Americans. And that, after all, is just the sort of barbaric blackmail that America's anti-terrorist laws were intended to prevent in the first place.

Furthermore, it is the Congress's continuing determination to provide no such incentives which helps to explain why the 1980 law forbidding arms sales to Iran has not been repealed. So Goell is also wrong when he implies that the same law, enacted at a time of great stress during the Teheran hostage crisis, is something of a relic of temporary hysteria that either can or should be ignored by an energetic and imaginative president intent on pursuing what Goell describes as "untrammeled" foreign policy options.

IN TRUTH, then, the president's situation is rooted in considerations of respect for the rule of law that are far weightier than any questions of whether his policy worked or not, and in that reality there are lessons that are particularly relevant to public life in Israel.

There is the American thesis, for example, that foreign policy officials must work in such a way as to ensure that their initiatives will be judged by

outside sources of wisdom.

History suggests that without some sort of technical review process, it is likely that government officials, acting on the basis of unexamined assumptions, can make dramatic new policies which seem reasonable but are, instead, extremely dangerous. Accordingly, Americans are not driven by some sort of naive idealism or, as Goell says, "a systematic fixation on legalisms," when they insist that the White House should act only in clear compliance with the law or in accordance with Congressional advice and approval. On the contrary, they seek to bring enough sources of judgment to bear so as to maximize the chances that any foreign policy – in a world that threatens catastrophic war and nuclear annihilation – will be effective and beneficial rather than mistaken and regrettable.

THERE IS the additional American thesis that in all fateful questions, foreign or domestic, democratic citizens are entitled to offer or withhold their consent concerning the ultimate outlines of government policy. Here the concern is for general thrust rather than specific steps – for strategy rather than tactics. In powerful and elegant prose, Thomas Jefferson wrote this sentiment into the Declaration of Independence in 1776, when he announced that only government based upon such consent can be constrained to serve people's sacred rights to "life, liberty, and the pursuit of happiness."

Once again, the point is not one of naive idealism but hard-headed realism. A democratic government exists for the benefit of its citizens and not the other way round. That being the case, Americans are determined to squeeze as much information as possible out of Washington, on the grounds that when such information is withheld, voters lack the wherewithal to think intelligently about what is happening to the country. When voters are kept in the dark, they cannot, as is their right, instruct the government to act to maintain the sort of communal life and standards which they seek to promote.

In these terms, the White House under Ronald Reagan was clearly remiss for selling arms to Iran. To do so was to ignore an authoritative public consensus against such sales written into law by the Congress, and representing a national unwillingness to deal with people whose uncivilized acts deserve only unswerving

denunciation, not implicit recognition. In such a case, one must not discount the real cause of anger and dismay. By acting in secrecy, the president's administration, or part of it, denied to Americans their very basic and practical right of deciding together what their country will stand for.

By disparaging the public's wisdom, it is easy for Goell to argue that "a superpower like the U.S." must be free of legal restraints in order to capably pursue its common objectives. By democratic standards, however, such a view puts the cart before the horse. A White House that decides to act as a "superpower" according to its own definition may, without public approval, commit the nation to obligations that many, or most, of its citizens are simply unwilling to bear.

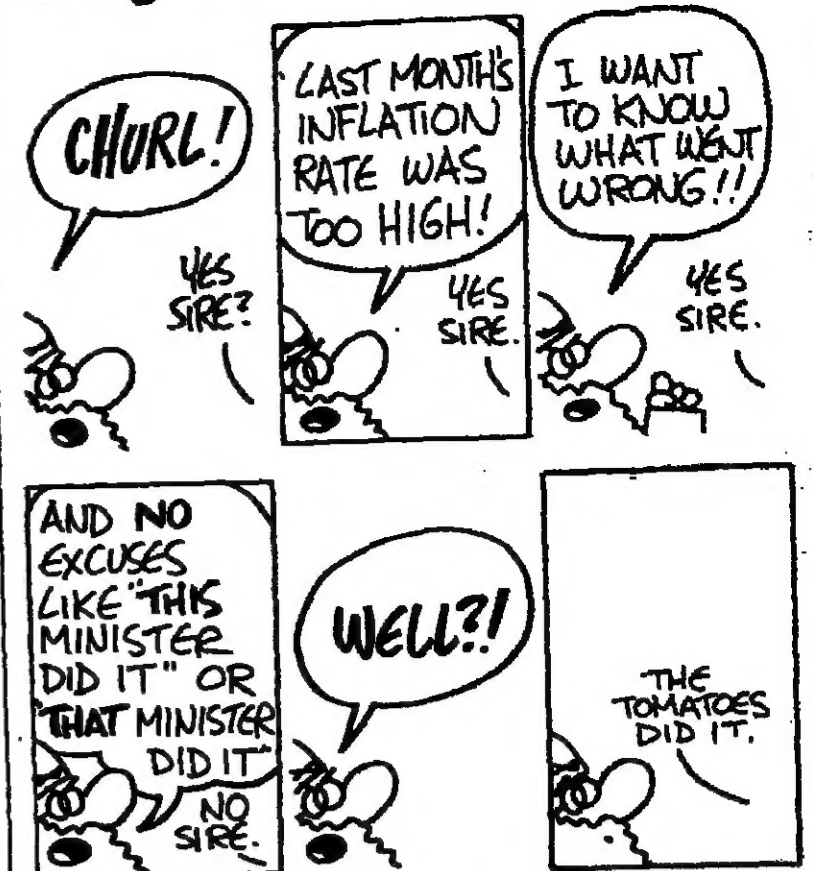
Ronald Reagan's main offence, then, is not that his arms sales to Iran failed in their belatedly stated objectives but that he and/or his aides, or some of them and maybe not their boss, tried to do something which the Congress had forbidden and which the American people, who would have disapproved, were not permitted to know.

SINCE America's current troubles are really about the rule of law, which is another way of describing the democratic enterprise, perhaps it is time for Israelis to stop thinking of democracy as some sort of luxury which we cannot really afford. On the contrary, democracy is a very practical way for a great nation to conduct its public affairs, preventing the implementation of misguided governing policies and thereby reserving the nation's moral, emotional, military, and budgetary resources to be invested only where they will do the most good.

To such an end, Israel's leaders, like those of America, must govern according to law, and they should report either to us or to our Knesset representatives in an orderly fashion so as to assure the critical review that produces efficiency in public affairs. Disregarding their failure to do so, Goell says that we must give our present leaders what he calls "the benefit of the doubt," and he suggests that "they deserve the confidence of the media and of the public." But after the puzzling performances of our latter day "Triumvirate" in the Pollard, Shin Bet, and Vanunu cases, it seems more reasonable to conclude that high level decision-making in Jerusalem sorely requires vigorous and effective overseeing.

The writer is associate professor of American studies and political science at the Hebrew University.

Dry Bones



READERS' LETTERS

PEACEFUL EVOLUTION FOR SOUTH AFRICA

To the Editor of *The Jerusalem Post*:
 Sir, – In her letter of December 7 Esther Levitan applauds the fact that "the whole world is moving away from relations with South Africa." The fact that the "whole world" is doing something, by no means makes it right.

As a Jew and a thinking human being, I totally oppose apartheid and any other manifestation of racism. However, I also oppose, as vigorously, the attainment of black South African independence by violent means, not because I consider only the welfare of the white man, but because I take into consideration the plight of the black man. The struggle is not solely between white and black for supremacy. The struggle is fomented by the reds, who care naught for the eventual welfare of either party.

Does the West wish the black South African to attain independence in an economically unviable state, becoming immediately dependent on the West for its very survival? One only has to take note of the rest of the African states which have gained their independence in the last few decades to see the resulting poverty, disease, hardship, economic and political instability and general misery which the people are suffering.

South Africa could be the very model of bringing a people to independence in peace and harmony, were it not for the misguided pressures being applied. The mentality and the aspirations of the Afrikaner have to be taken into consideration before bullying him into a corner, where he has little choice but to fight to the bitter end. Whatever else may be said about the Afrikaner, he is

seeking ways and means of bringing about a just and peaceful society, and needs time and help and encouragement to bring about a peaceful transition to a more just system.

With help and encouragement, South Africa could give its black population the highest standard of living in the entire continent, a top rate level of education, the finest medical care, the best housing facilities, the most admirable social welfare system, and the chance to show the world that people of goodwill, when encouraged, can bring about change without revolution and without bloodshed.

The present "do-gooders" are ensuring continuing unrest, tremendous hardship and great suffering to millions of black people who do not have the slightest wish to be involved in violence or bloodshed, but who are being forced to endure these by forces who inflame the passions of illiterate mobs, and brainwash susceptible intellectuals, who do not give a damn about the cost in human lives which they are causing, but are concerned only with their own ulterior motives.

When the "whole world" realizes that the South African black is being viciously used by unscrupulous powers for their own aggrandisement, then maybe the "whole world" will either let South Africa be, so that they can solve their problems in peace and harmony, or they will actively help to bring about dialogue, change, economic prosperity and political stability, so that countless innocent human beings will not be annihilated in a bloodbath which could easily have been prevented.

SHULAMIT GOODMAN
 Tel Aviv.

FIGHTING THE INHUMAN INSTITUTION

To the Editor of *The Jerusalem Post*:
 Sir, – In his article, "Institutions aren't for people" (December 1), Arnold M. Gross decried the Israeli tendency to shunt the handicapped person off to closed institutions instead of building an alternative community-based network for these same individuals.

Since 1979, Akim Jerusalem, a voluntary parents organization, has been steadily constructing such a network of housing services in Jerusalem as an alternative to the institution. Today Akim Jerusalem serves over 90 residents in 10 facilities spread throughout the city. Indeed, some of the residents are on no higher a functioning level than those in the notorious Ruhama institution – severely retarded persons suffering also from blindness and physical disability or emotional disturbance. Yet these are residents of a community hostel, who go out each day to a sheltered work environment, returning to their home for a full programme of individual training and group social activities.

It must be noted that not only is the large-scale institution in Israel insufferable from a professional point of view, it is also incompetent from a financial one. The cost per resident in a government institution for the mentally retarded is exactly twice the cost of housing the same person in a community residence.

We see this community-based model as developed in Jerusalem as one of the possible alternatives to the inhuman institution, which has long outlived its right to existence.

Any reader interested in further information can contact us at (02) 631728 or write us at 42 Gaza Street, Jerusalem. Our facilities include an infants' day care centre, two kindergartens, a school for profoundly multi-handicapped, a training centre for adolescents and a social activities centre, in addition to the above-mentioned community living arrangements network.

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